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ABSTRACT

Designed for a one-semester high school social studies elective course, this curriculum guide uses a multidisciplinary approach to teach consumer education. Eight units of study cover the marketplace, consumer protection, decision making, money management, credit and taxes, basic necessities, housing, and future security. Within each unit, an overview is followed by three lessons on specific aspects of consumerism. Sample lessons are: fraud, advertising, and scarcity (the marketplace); occupations and budgeting (money management); and life insurance, investments, and health insurance (future security). Each lesson includes an overview, generalizations, concepts, objectives, vocabulary, an index to student references, a series of activities, readings or worksheets, appendices, and a bibliography. (LP)

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BUYING A HOME
LIVING SPACE
SAVINGS AND INVESTMENTS
CLOTHING
CREDIT BLUES
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# CONSUMER EDUCATION

## (A High School One Semester Course)

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# FOREWORD

This publication is designed to aid teachers who will be teaching a one-semester course in Consumer Education at the high school level. Consumer Education is one of the specialized electives in the Secondary Social Studies Program, included in the specialized courses listing for grades eleven and twelve. The curriculum for this course is designed to develop a comprehensive understanding of important consumer education concepts and provide students with experiences which will enable them to make wiser use of their purchasing power.

This curriculum resource guide is presented in eight units of study. Each unit begins with an overview and includes the following: (1) index to student references; (2) generalizations; (3) concepts; (4) objectives; (5) vocabulary words to know; (6) a series of introductory, developmental and culminating lessons and activities; (7) bibliography of student references; and (8) readings and/or worksheets.

This guide was developed and written by Marilyn Tomita, a teacher at Kaimuki High School, and edited by Jane Kinoshita, a resource teacher in the Office of Instructional Services.

Implementation will be guided and assisted by specialists from the district offices and the Office of Instructional Services.

Donnis H. Thompson

Dr. Donnis H. Thompson
Superintendent

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# INTRODUCTION

This curriculum resource guide, Consumer Education, is designed for a one-semester high school specialized elective course. It is multidisciplinary in design and includes concepts and skills from a variety of academic disciplines, including economics, sociology, psychology, political science, mathematics and applied areas of home economics and business education.

## Definition and Scope

Consumer Education can be defined as the process of gaining the knowledge and skills needed in managing consumer resources and taking actions to influence factors which affect consumer decisions.

The objectives of this course are to help students achieve the following:

- Develop skills and abilities, such as data processing, questioning, planning, decision-making, to make informed decisions in the purchase of goods and services and to participate as citizens in support of consumer issues.
- Become knowledgeable about the laws, consumer rights and responsibilities and methods of recourse to effectively participate in the marketplace.

The current and future needs of consumers demand a broader view of the consumer role than has traditionally been presented. Individuals and groups who participate in consumer education programs should gain competence in the knowledge and skills needed to make decisions and take actions as informed and responsible consumers in a broad spectrum of consumer behavior modes. Necessary roles for consumers range from learning to cope with their present circumstances to participating as citizens to influence change. The various modes of consumer behavior are described below:

- *Coping* includes applying basic consumer survival skills to everyday situations. The ability to cope with current circumstances is an important need for consumers, but it must not be the final goal of consumer education, especially where the existing conditions should be changed.
- *Questioning* is an important analytical skill which encourages a think-for-yourself attitude. It teaches consumers to ask questions before purchasing and to challenge misinformation and fraud. Questioning may result in a decision not to buy.
- *Planning* includes the process of managing financial resources after considering goals, needs, and available resources. It includes obtaining income as well as spending, saving, investing, borrowing, protecting, and taxpaying.
- *Purchasing* is the application of the decision-making process to buying goods and services. It involves seeking and using information, considering alternatives and consequences, and selecting the product or service by using appropriate criteria.

- *Conserving* encourages consumer actions that preserve or use resources efficiently rather than wastefully.

- *Participating as citizens* supports consumer involvement in business, government, and community policy decisions. The process includes questioning, analyzing and suggesting alternative solutions to consumer issues and problems.

- *Influencing change* promotes an awareness that consumers, through active participation, can exercise power to modify those policies, institutions and systems within society which affect consumer interests.

Consumer education provides the skills for individuals to enter at any point along the coping-to-influencing continuum. Based on an understanding of a particular situation, consumers make the decision as to which behavioral mode to select.

## Overview of the Course

The content of a consumer education course should include basic concepts, information and skills in the following areas:

### 1. Decision-Making

Intelligent consumer decisions are based not only on information but also on values. A decision that is right for one person may be wrong for another. Students should try to identify, clarify, and analyze their own values. Then with their values in mind, set goals and make plans to fit these values. Choices between immediate pleasure and future security must also be made by the individual. Such choices will be satisfying only if they are based on the consumer's own values.

### 2. Basic Economic Facts

In order to function effectively in the marketplace, consumers should also know something about economics. This knowledge does not have to be highly technical abstractions, but the basic information that affects them directly as buyers, borrowers, or savers. This course examines the market system, the roles of consumers and producers in the economy, supply and demand and their effect on prices, and several other important economic ideas.

### 3. Money Management

Wise resource management is an essential consumer skill. It requires the ability to plan ahead and to carry out these plans. It also requires an understanding of budget, credit, savings and insurance.

Students should be knowledgeable, competent consumers when they begin to support themselves. They should know how to manage their resources.

4. Intelligent Shopping

A shopper tries to get the most value for the least cost. Consumers must know where to get information, how to compare products, how to handle themselves in the give and take of the marketplace.

Students should acquire shopping skills in the area of food, clothing, transportation, housing, insurance and health care--areas where consumers spend most of their money.

5. Consumer Law

Consumers need to know how laws affect them. They should understand, for example, the legal commitments they make when they sign a contract, a lease or buy on credit. They should also know the kinds of protection they have under the law, and how they can protect themselves from fraud.

6. Consumer Skills

Everything in this course is aimed at helping students develop practical consumer skills. These skills include skills of planning, budgeting, shopping, spending, fact-finding, negotiating. Thinking skills such as comparing, analyzing, inferring, evaluating, are brought into use as students examine problems and practice consumer decision-making.

Other kinds of skills are important, too. Basic mathematical skills are essential in the marketplace. This course should reinforce these skills with exercises on budgets, comparison shopping, interest rate comparison, cost calculations, and so on. In addition, students should be given help in interpreting charts, graphs and tables.

This consumer education resource guide examines these basic concepts, information and consumer skills in eight units of study.

# COURSE OUTLINE

UNIT I: THE MARKETPLACE

A. The Marketplace
B. Fraud
C. Advertising

UNIT II: PROTECTING AND ASSISTING THE CONSUMER

A. Consumer Law
B. Consumer Rights and Responsibilities
C. Consumer Protection and Redress

UNIT III: DECISION-MAKING

A. Needs and Wants
B. Values and Goals
C. Decision-Making

UNIT IV: MONEY MANAGEMENT

A. Occupation
B. Budget
C. Guidelines for Buying

UNIT V: CREDIT AND TAXES

A. Credit
B. Shopping for Credit
C. Credit Blues
D. Taxes

UNIT VI: BUYING THE BASICS

A. Food
B. Clothing
C. Transportation

UNIT VII: LIVING SPACE

A. A Place to Live
B. Buying a Home
C. Buying Furniture and Appliances

UNIT VIII: PROTECTING YOUR FUTURE

A. Savings and Investments
B. Life Insurance
C. Health and Health Insurance

Note: Although the units are numbered, the units do not have to be taught in order. The teacher may rearrange the units to fit the needs of the students or to fit the content of the textbook being used.

## MATERIALS FOR STUDENT LEARNING

### BOOKS

Bittinger, Marvin L. The Consumer Survival Book: How to Fight Inflation. Woodbury, New York: Barron's Educational Series, Inc., 1976.

Garman, E. Thomas and Sidney W. Eckert. The Consumer's World: Economic Issues and Money Management, Second Edition. New York: McGraw-Hill Book Company, 1979.

Jelley, Herbert M. and Robert O. Herrmann. The American Consumer: Issues and Decisions, Second Edition. New York: McGraw-Hill Book Company, 1973.

Linder, Bertram L. Economics for Young Adults, Revised Edition. New York: Sadlier-Oxford, 1977.

Morton, John S. and Ronald R. Rezny. Consumer Action. Boston: Houghton Mifflin Company, 1978.

Plunkett, W. Richard. The Consumer in America. New York: Harcourt Brace Jovanovich, 1979.

Saalbach, William F. The Consumer and the American Economy Series: Consumer Rights and Protection, Economics for the Consumer, Learning to Be a Better Buyer, Managing Your Money and Credit. River Forest, Illinois: Laidlaw Brothers, 1974.

### REFERENCE MATERIALS

MAGAZINES:

Changing Times

Consumer Reports

STUDENT MAGAZINES:

Current Consumer and Lifestyles: A practical guide to real life issues. Curriculum Innovations, Inc., P. O. Box 310, Highwood, Illinois 60040.

DAILY NEWSPAPERS:

The Honolulu Advertiser

Honolulu Star-Bulletin

The teacher or students could maintain a clipping file of articles dealing with topics of consumer education. These articles can be used as the bases for class discussions and as sources of information.

MEDIA:

SOUND FILMSTRIPS

The Butterick Consumer Education Series. The series was produced for Butterick Publishing by Visual Education Corporation, Princeton, New Jersey, 1977.

There are five multi-media programs in this series. Each program includes three filmstrips, a Teacher's Guide, and spirit masters.

The programs are:

Program One: The Consumer Process
Program Two: The Planning Process
Program Three: The Buying Process
Program Four: The Legal Process
Program Five: The Action Process

# UNIT I: THE MARKETPLACE

## Overview

In this unit students will examine the conditions of the marketplace in which all spending in our society takes place. They will gain an understanding of how the market system works, both at its best and at its worst.

In Lesson I the basic economic concepts are presented. The principles of a free market economy and the roles of consumers and producers are examined.

In a market economic system the consumer may be considered the most important factor in determining what goods and services will be produced. Natural and human resources as well as capital goods are allocated to meet the needs and desires of the consumer.

Lesson II concentrates on the market's worst side. Although the majority of salespersons and other business persons are honest, there are racketeers, swindlers, and con artists with persuasive appeals operating in most communities. This lesson illustrates how dishonest people operate and how consumers become victims. This lesson also discusses dishonesty on the part of consumers. Among the dishonest consumers are those who order by mail with no intention of paying, those who buy articles at a discount and turn them in for full credit, those who return merchandise "when the party is over," and those who shoplift. Such people help to raise the costs of goods to the merchant and the consumer.

Advertising is discussed in Lesson III. Students are shown that advertisements play an important part in our economy by informing consumers and enticing them to purchase. They will learn to recognize the hidden persuaders and messages, and control the effects of advertising on personal buying choices.

## INDEX TO STUDENT TEXTBOOKS: UNIT I

| Authors* | The Marketplace | Fraud | Advertising |
|---|---|---|---|
| Bittinger | | 185-188 | 183-184 |
| Garman and Eckert | 16-47 | 2-6 | |
| Jelley and Herrmann | 2-10 | | 92-108 |
| Linder | | | 17-25 |
| Morton and Rezny | 84-97 | 101-111 | 98-99 |
| Plunkett | 8-15 | 29-30 | |
| Saalbach | A1-A11,<br>A26-A43 | | |

* Complete bibliographical information at the end of the unit.

## UNIT I: THE MARKETPLACE

### Concepts

1. Marketplace
2. Market System
3. Resources
4. Scarcity
5. Fraud
6. Advertising

### Generalizations

1. The resources a society has for producing goods and services are land, labor, capital and entrepreneurship.
2. The basic economic questions all societies must answer are: what to produce, how will it be produced, and for whom to produce.
3. The interaction of demand and supply determines the price of goods and services in a market economy.
4. Consumer behavior in the marketplace influences the demand and supply of goods and services.
5. The economic problem of scarcity forces consumers to make choices.
6. Consumer well being is increasingly affected by conditions in the marketplace, the environment, the society and by the public decisions which create and control these conditions.
7. Consumers must take the responsibility for themselves in the marketplace in order to avoid being swindled.
8. Recognition of deceptive practices and fraud is a basic form of self protection and the best way to avoid being victimized by unscrupulous operators.
9. A basic understanding of advertising and selling techniques can aid consumers in analyzing personal motives for buying and in making intelligent choices.
10. The three major roles performed by advertising in our economy are:

(1) informing consumers about new products or services, (2) maintaining sales of existing products or services, and (3) providing support of the mass media through placements of ads in radio, television, newspapers and magazines.

## Objectives

1. Explain how the market system answers each of the basic economic questions.
2. Describe and explain the effects of consumer behavior and the interaction of demand and supply in a market economy.
3. Describe the types of resources that a society has available for producing goods and services.
4. Describe deceptive business practices and explain how to avoid being victimized by unscrupulous operators.
5. Formulate a code of ethics for consumers and businesses.
6. Analyze and explain the role of advertising in a marketplace economy.

# LESSON I: THE MARKETPLACE

You're the consumer, the buyer. And it's your decision to buy or not to buy. Sellers try to supply the products you demand, but they also try to influence your decision. Can you tell what you really want? Do you know which products are really better? How much power do you have as a consumer?

## Concepts

1. Marketplace
2. Market System
3. Resources
4. Scarcity

## Generalizations

1. The basic economic questions that a society must answer are: what to produce, how to produce, and for whom to produce.
2. The resources a society has available for producing goods and services are land, labor, capital and entrepreneurship.
3. The interaction of demand and supply determines the price of goods and services in a market economy.
4. The economic problem of scarcity forces consumers to make choices.
5. Consumer behavior in the marketplace influences the demand and supply of goods and services.

## Objectives

1. Describe the types of resources that a society has available for producing goods and services
2. Explain the basic economic questions that a society must answer because of its limited resources.
3. Describe two ways in which a society answers its three basic economic questions.

4. Explain how the market system answers each of the basic economic questions.

5. Explain how demand, supply and profit influence decisions in the marketplace.

6. Explain in what ways a business is an example of how the market system answers the basic economic questions.

7. Describe how changes in consumer demand affect the quantity of goods produced.

## Vocabulary Words to Know

1. Capital: The mechanical resources (machines, tools, factories) needed to produce goods and services.
2. Competition: The rivalry among producers for the business of the same consumers.
3. Demand: The willingness and ability of consumers to buy goods or services.
4. Labor: The human resources needed to produce goods and services.
5. Land: The natural resources needed to produce goods and services.
6. Marketplace: The place or places where producers offer to sell goods and services and consumers offer to buy them.
7. Market system: An economic system in which the decisions about what to produce, how to produce, and for whom to produce, are made by consumers and producers in the marketplace.
8. Profit: The money that remains after producers sell their goods or services and deduct their expenses.
9. Resources: Land, labor and capital needed for the production of goods and services.
10. Scarcity: The condition of unlimited wants and limited resources.
11. Supply: The amount of goods and services that producers are willing to sell.

## Initiating Activity

Introduce students to this lesson by asking them what they plan to do when they get home from school. List their answers on the chalk board. Then have students categorize the answers according to the following classifications: things consumed, things produced.

E.g.,

| Things Consumed | Things Produced |
|---|---|
| basketball | cookies |
| clothes | |
| shoes | |
| heat for oven | |
| cooking ingredients | |

If necessary, discuss the meanings of the words "consume" and "produce."

Discuss the following questions with students:

a. What kinds of resources are available to enable students to be producers and consumers?

b. On what bases do businesses decide what to produce?

Encourage students to participate in the discussion by accepting all responses. If appropriate, ask students to clarify their ideas.

Inform students that they will be able to validate their answers in subsequent lessons.

## Developmental Activites

1. Basic Economics

   a. Have students read Jackstadt and Mak, The Adventures of Primero Dinero. This comic book illustrates the basic economic concepts of the market system.

   The economic concepts of scarcity, resources and the basic economic questions may be discussed.

   b. Have an interactive bulletin board. Display pictures of land, labor and capital resources and have students categorize the pictures into the classifications. Follow with a discussion of how and why students categorized the pictures as they did.

2. Consumers Decide

   Discuss the following question: If you wanted to start a business, how would you decide what kind of business to start?

   The purpose of this question is to introduce the idea that consumers, by buying or not buying products, decide what is produced, and in what quantity. As consumers buy products they create a demand for those products, and producers have to make more of them. Therefore, a businessperson will have to consider what will sell.

3. The Marketplace

The simulation "Marketplace" was given to each high school by First Hawaiian Bank several years ago. If available, have students play the simulation. Teachers may also borrow the game from the Office of Economic Education, University of Hawai'i, Porteus Hall.

The game shows the interaction of consumers, business and government in our economy and takes approximately two to three weeks to play.

Discuss students' experiences and help them to summarize what they learned about the marketplace.

4. The Consumer Process

Introduce students to this activity by discussing the following:

a. Who is a consumer? Is everyone a consumer?

b. Look around the classroom. What goods and services are being consumed right now? (desks, chairs, books, electricity, teacher's time)

c. Consuming things is so much a part of our daily lives that we hardly stop to think about it. What do you suppose is meant by the following saying: "A fool and his money are soon parted."

Show the following filmstrips from the Butterick Consumer Education Series.

Program One: The Consumer Process

Filmstrip 1: "We Are All Consumers"
Filmstrip 2: "Plenty to Choose From"

After showing the filmstrips students could fill in the following worksheets included in Program One.

1. Consumers All
2. Necessities of Life
3. The Pleasures of Life
4. The Persuaders
7. What's In a Price?
8. How Much Alike?
9. A Better Product
10. Who Decides?

5. Markets

Ask students to define "market." Write their answers on the chalk board. Check students' answers with the dictionary. After students are clear about the definition, ask them to suggest different types of markets.

Students often find the concept of market difficult to understand. Appoint groups of students to collect information on different types of markets: retail markets, wholesale markets, stock markets, commodities markets and exchanges, bond and capital markets, labor markets. Each group should report on who makes up the market, how buyers and sellers communicate, what kinds of problems consumers in each market might have, and how government regulations affect the operation of each market.

6. Technology

   a. Have students explore what effect technology has on the economy as a whole. They should look into what the effects have been on individual people. Have them find examples of people who have benefited, and those who have been hurt by an invention.

   b. Give students some "what if ...?" situations and have them suggest how these might affect supply, demand and price. For example, what if a relatively inexpensive car were produced that could run on solar power? (In a market system, the demand for oil would decrease. If it decreased enough, the price of oil would drop, and oil companies would produce less.)

7. Supply, Demand and Price

   Discuss other types of "what if ...?" situations that show the relationship among supply, demand and price. For example, what if the government decided to freeze the price of food because prices were getting too high? (Probably food shortages would result. People would buy more food, but no extra food would be available because low prices are not an incentive to higher production. However, if food prices are allowed to rise, lower-income people might not be able to afford the food they need.)

   As a homework assignment, have students bring to class their own examples of "what if" situations. Then have the class discuss what might be the possible effects of each situation.

Culminating Activities

1. Have students summarize what they have learned about the market system.

2. Give students some "what if ...?" situations and have them suggest how these might affect supply, demand and price. For example, what if combination TV-CB tele-radios were invented and they became a status symbol for people to have in their cars? (Initially, the price would be high, which would spur production. Eventually, the greater supply would lower the price.

# LESSON II: FRAUD

Buying and selling involve trust. What happens if the trust breaks down -- if the buyer and seller try to cheat each other? Can you tell a swindle when you see one? What can you do about it?

## Concept

Fraud

## Generalizations

1. Consumers must take the responsibility for themselves in the marketplace in order to avoid being swindled.
2. Recognition of deceptive practices and fraud is a basic form of self protection and the best way to avoid being victimized by unscrupulous operators.
3. Consumer well being is increasingly affected by conditions in the marketplace, the environment, and the society and the public decisions which create and control these conditions.

## Objectives

1. Identify some of the warning signs of swindles or fraud.
2. Describe various kinds of deceptive business practices.
3. Suggest some steps consumers can take to avoid being swindled.
4. Explain why people shoplift.
5. Explain the effect of shoplifting on prices.
6. Evaluate responsible and irresponsible behavior on the part of both buyers and sellers.
7. Formulate a code of ethics for consumers and businesses.

## Vocabulary Words to Know

1. Bait-and-switch: A sales technique by which low prices are used to "bait" consumers and then an attempt is made to "switch" their interest to higher-priced goods.
2. Fear sell: A sales technique in which a seller warns consumers of dangerous consequences if a product is not bought.
3. Federal Trade Commission (FTC): The agency charged by Congress with protecting the public from unfair and deceptive business practices.
4. Fraud: A deception or swindle. Certain kinds of fraud are used by some sellers to get consumers to buy.
5. Free gimmick: A common sales technique in which customers are offered something for nothing to induce them to buy merchandise. Often the free gimmick is fraudulent.
6. Referral selling: A fraudulent sales technique in which the customer is asked to give the names of friends who might be prospective buyers, on the promise of money or free merchandise.
7. Shoplifting: Stealing merchandise from a store.

## Initiating Activity

Introduce students to this lesson by doing a word association activity with students. Write the word "fraud" on the chalk board and ask students to suggest words and phrases that come to their minds or to share their experiences if they have been victims of fraud.

Have students suggest some ways that businesses and consumers victimize each other. Encourage students to share their ideas and acknowledge all who participate in the discussion.

## Developmental Activities

1. Common Frauds

   a. The most common frauds are bait-and-switch advertising, the fear sell, the free gimmick and referral selling. Discuss the four types of fraud and have students role-play situations which illustrate the different kinds of fraud and show the interaction between the seller and the consumer. In some skits the consumer may be portrayed as naive and gullible and in others, as knowledgeable and aware.

   After each skit is presented, discuss any of the following questions that is appropriate.

1) How did the seller take advantage of the consumer?

2) What mistakes did the consumer make? Or how did the consumer prevent himself or herself from being a victim?

3) What should the consumer have done differently?

After all groups have presented their skits discuss what steps consumers can take to avoid being swindled.

b. Have a committee of students write to the local Better Business Bureau in your area for its fact sheet describing frauds or swindles that have been practiced in your community.

c. Have students bring in newspaper accounts of frauds that may be going on in the community. Discuss the reason(s) why the people were swindled and the technique(s) used by the swindlers.

d. Do the following pre-reading activity to help build students' motivation. Ask students to bring teen publications to class. Divide the class into small groups of students and have each group examine the kinds of ads in the magazines. Ask each group to select one ad and respond to the following questions:

1) Would you be willing to respond to the ad just from the information given?

2) What questions would you like to ask the promoters of the ad?

Then have students read "Teens Who Get Took" from Current Consumer (September 1979). See "Unit I: Appendix A" for an adapted version of the reading.

The following may be used as discussion guidelines:

1) Where can you find frauds against teenagers?

2) How can teenagers protect themselves against fraud?

2. Shoplifting

a. Businesses are not the only ones who practice fraud. Some consumers also are guilty of fraudulent practices. Have students suggest how consumers practice fraud. Raise the following questions for discussion:

1) How do consumers cheat the merchants?

Stimulate students' thinking by suggesting specific circumstances, such as marketing in the supermarket, being a hotel guest, etc.

2) Who are the victims of consumer frauds?

b. Have groups of students interview the owners or managers of community businesses about the problems that retailers have with consumer dishonesty. Have a spokesperson from each group report its findings to the class. Ask students if their interviews changed their understanding of retailers' problems and, if so, how.

c. Have a pre-reading discussion about the reasons why teenagers shoplift. Also discuss how shoplifting can be prevented.

   Then have students read "You're Subsidizing the Shoplifter." See "Unit I: Appendix B" at the end of this unit.

d. Have students conduct a survey on the incidence of teen-age shoplifting and attitudes toward shoplifting.

   Have your class plan its own shoplifting questionnaire. Then students can administer the questionnaire to students in other classrooms.

3. The Legal Process

Show the following filmstrip from the Butterick Consumer Education Series.

Program Four: The Legal Process

Filmstrip 2: "Responsible Buyers and Sellers"

Introduce this filmstrip by asking students to recall newspaper articles of fraud that may have appeared recently. Ask students whether they think the people who fell for the schemes deserve to lose their money. Also discuss how people can avoid being swindled.

See the Teacher's Guide for discussion questions and enrichment activities.

## Culminating Activity

Do the same word association activity that is described in the initiating activity. Students should have much more knowledge and ideas to share and discuss.

Students may also write summaries of what they have learned.

## LESSON III: ADVERTISING

Why do businesses advertise? How do you benefit from advertising? What techniques do salespersons use to sell?

### Concept

Advertising

### Generalizations

1. A basic understanding of advertising and selling techniques can aid consumers in analyzing personal motives for buying and in making intelligent choices.

2. The three major roles performed by advertising in our economy are: (1) informing consumers about new products or services, (2) maintaining sales of existing products or services, and (3) providing support of the mass media through placement of ads in radio, television, newspapers and magazines.

### Objectives

1. Analyze and explain the role of advertising in a marketplace economy.

2. Identify the hidden persuaders and messages in advertising.

3. Explain the differences among the various types of advertising.

### Vocabulary Words to Know

1. Advertise: To make known to the public, especially through the media--newspapers, magazines, billboards, radio, television.

2. Rational appeal (informational): Techniques used in advertising that are aimed at giving information.

3. Irrational appeal (psychological, emotional): Techniques used in advertising that are aimed at our feelings rather than our intellect.

4. Name brand: A product sold by means of extensive advertising that get consumers to buy the product because they recognize the brand.

5. Product differentiation: A product which the consumer believes is different from a similar product because of the manufacturer's advertising.
6. Deceptive: Misleading.
7. Labels: A slip (as of cloth or paper) attached to something for identification or description.
8. Hangtag: A paper or cloth tag attached to garments and furnishings, usually describing the features, construction, and care of the item.
9. Media: The means by which things are advertised: radio, TV, newspapers, magazines.
10. Targeting the audience: Finding out who the audience is (teenagers, adults, men, or women, etc.) who would likely buy a certain product, in order to gear the advertising to that group of people.
11. Impulse buying: Making a purchase without thinking or going through a decision-making process.

## Initiating Activity

Introduce students to this lesson by having them do the assignment described in "Unit I" Appendix C." The assignment asks students to identify the products or services that are being advertised.

The answers are (1) McDonald's, (2) Virginia Slims, (3) Coca Cola, (4) Datsun, (5) 7-Up, (6) Burger King, (7) Kentucky Fried Chicken, (8) Alka Seltzer, (9) Rolaids, (10) Ford, (11) M & M's (12) Navy, (13) Air Force, (14) Hawaiian Air, (15) Jack in the Box, (16) Allstate Insurance, (17) Aloha Airlines, (18) Tire Warehouse.

Ask students to estimate how many advertising slogans the average person is exposed to daily. Then inform students the average person is exposed to more than 75 such advertisements every day. Discuss the following: Why do you suppose there is so much advertising?

Encourage students to express their ideas. Accept all responses and if appropriate, ask students to clarify their ideas.

## Developmental Activities

1. Print and Media Advertisements
   a. Have students collect advertisements from magazines and newspapers and place each in one of the following categories. Have the students explain their choices.

- informative
- tasteful
- entertaining
- offensive
- persuasive
- deceptive/misleading
- ridiculous
- inappropriate for the product

Compare the choices made by individual students. As a class, discuss possible reasons why an ad may be viewed in very different ways by different students.

This activity can also be done with television commercials.

Help students to form tentative conclusions about advertisements.

b. Have students analyze the ads and discriminate between facts and images. Then have students determine the advertising techniques used to encourage consumers to buy. The advertising techniques include bandwagon, plain folks, glittering generalities, snob appeal, testimonial and repetition.

Students may also examine the words used in the ads and determine what the advertisers are implying and what they are actually saying.

c. Have students rewrite two or three advertisements they find offensive, deceptive, or inappropriate. Ask students to share their ads with the class. Have students determine which ads will probably sell more goods, the original ads or the students' rewritten ads. Discuss the role of the consumers as they hear or see the ads.

2. Role of Advertisements

a. Ask students to assume the roles of the inventor, manufacturer, and seller of an assigned product, and explore how, without advertising, they would be able to (1) sell the product to the public, (2) launch it as a new product, (3) hold a sale or special event, (4) compete with other sellers and manufacturers and products, and (5) tell the public what they have to offer.

b. Discuss how, without advertising, consumers would (1) learn about sales on items they want to buy, (2) find out about new products that might serve their needs better than similar products they now use, (3) compare product prices and features before buying, and (4) find out what retailers sell which items and offer the services consumers need.

c. Have students discuss the following questions:

1) What is the role of advertising in a market economy?

2) Is advertising essential? If yes, to whom is it essential?

3. Controversial Issues

Set up teams to analyze, report, and discuss conflicting sides of controversial issues related to advertising, such as the following:

a. Advertising directed at children.

b. Advertising of potentially harmful products, such as cigarettes and alcohol.

c. Advertising in political campaigns.

d. The influence of advertising on television programming.

4. The Buying Process

Show the following filmstrips from the Butterick Consumer Education Series.

Program Three: The Buying Process

Filmstrip 1: "Understanding Advertising
Filmstrip 2: "Comparison Shopping"
Filmstrip 3: "Pressure to Buy"

See the Teacher's Guide for activities to introduce the filmstrips. The Guide also includes discussion questions and additional activities.

## Culminating Activity

Have each student develop a thirty-second to one-minute TV commercial. Encourage each student to use props to dramatize his or her message and/or to demonstrate the product.

While each student is making his or her presentation, the class may be analyzing the advertising technique(s) used to sell the product.

# UNIT I: APPENDIX A

## TEENS WHO GOT TOOK

Do you realize that teenagers spend a lot of money? They buy 20% of the cars sold in the United States, half the movie tickets, half the cameras, and almost one-fourth of all the clothes sold.

Knowing that teenagers have money, there are many con artists who feel they can use the teens' inexperience to con them out of their money.

The following are three areas where frauds against teenagers are most common:

- Mail-Order Schemes

Most mail-order businesses are honest. But there are also con artists operating because they know that teenagers spend billions of dollars on mail-order goods and services.

Fraudulent mail-order schemes work on people's desires to get something very cheaply, to get rich, to look beautiful or handsome, or to be attractive to the opposite sex.

Some ads offer free goods if you buy something from the company. In the photo, the free merchandise looks very impressive; what you get may be much smaller than the photo led you to believe.

Some con artists use "you've won!" as bait to get your money. They inform you that you only have to pay a small service fee to have the gift sent to you. The victim pays the service fee and never receives the gift.

Beware of chain letter swindles. The chain letter usually gives you instructions on how you can make lots of money without working. All you have to do is to send the money stated in the letter to the person listed at the top of the letter, and send that same letter, with your name on the bottom of a list of names, to many other people. Most often, this scheme doesn't work. It's also illegal to send chain letters through the mail.

There are many ads in teen magazines aimed at teenagers' desires to look good. These include ads for creams, lotions, other cosmetics, and ads that promise to tell how to build up muscles. You can probably get the same things in the local stores for the same price or less. If you can buy them in the local stores, why send away for something you haven't had a chance to inspect?

If you intend to send away for merchandise, follow the checklist below:

1. Find out about warranties, return policies, and refunds.
2. Keep a copy of the ad, and a copy of your letter ordering the merchandise.
3. Send a check or money order. Never send cash.

- Scholarships and Awards

These swindles usually come in the mail. You may receive a form letter informing you that you have been chosen to receive an award for some achievement. And if you will send only $5 or $7.50 or $10, you can get an impressive hand-lettered certificate to tell everyone about your honor.

Another way of losing your money is by buying a phony scholarship pitch. The con artist promises to "direct" you to legitimate scholarships or to pay an outfit that will consider you for a scholarship.

Why pay money when there are counselors at your school, and books which you can consult?

- Shoddy Vocational Schools and Worthless Correspondence Courses

Beware of schools that use high-pressure tactics, or offer vague promises to find you a job when you graduate. If you're unsure about the school, check the following:

1. The school's accreditation status.
2. Complaints made against the school. Check with the Better Business Bureau and the Office of Consumer Protection.
3. The school's license. Call the Department of Education.

Your high school counselor should be able to help you in locating reputable schools which offer the same or similar programs.

Source: "Teens Who Get Took," Current Consumer (September 1979), pp. 5-11.

## UNIT I: APPENDIX B

## YOU'RE SUBSIDIZING THE SHOPLIFTER

Your family and all the other families around you are paying $200 to shoplifters. That's the cost per family which the stores charge to their customers for all the goods that are lost through "five-finger" accounts. The total cost of shoplifting amounts to $16 billion every year. This figure does not include the stores' costs to prevent shoplifting which are also added to the prices of consumer goods.

Retailers say that shoplifting is increasing and that two-thirds of the shoplifters caught are juveniles although shoplifters come in a range of ages. Children as young as 3 and senior citizens have been caught.

The shoplifter usually steals small, high-value items such as cosmetics, jewelry, records, tapes, and clothes.

Some of the reasons given by juveniles for shoplifting include not having the money to buy the goods, shoplifting on a dare, for the thrill, on impulse, and to get even because of high prices.

Many retailers and lawmakers are getting tougher on shoplifters. For example, a large Southern retail chain prosecutes every shoplifter caught. In Georgia, a person with a third conviction of shoplifting must serve a one-year mandatory jail term without probation.

Unless shoplifting is discouraged, American families will pay even more.

Source: William E. Schulz, "You're Paying $200 a Year to 'Subsidize' the Shoplifter." Honolulu Star-Bulletin, August 25, 1980.

# UNIT I: APPENDIX C

## ADVERTISING SLOGANS

Directions: Identify the products or services that are being advertised.

1. You deserve a break today.
2. You've come a long way, baby.
3. It's the real thing.
4. We are driven
5. Crisp and clean, no caffeine.
6. Aren't you hungry?
7. Finger-licking good.
8. Pop, pop, fizz, fizz, oh what a relief it is.
9. How do you spell relief?
10. The Boss is back.
11. Melts in your mouth, not in your hands.
12. It's not just a job, it's an adventure.
13. It's a great way of life.
14. You're the best, yes, definitely, you're the best.
15. There's no comparison.
16. The good hands people.
17. The spirit moves us.
18. Go now, Hawai'i, why pay more?

## BIBLIOGRAPHY OF STUDENT TEXTBOOKS: UNIT I

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Linder, Bertram L. Economics for Young Adults, Revised Edition. New York: Sadlier-Oxford, 1977.

Morton, John S. and Ronald R. Rezny. Consumer Action. Boston: Houghton Mifflin Company, 1978.

Plunkett, W. Richard. The Consumer in America. New York: Harcourt Brace Jovanovich, 1979.

Saalbach, William F. The Consumer and the American Economy Series, Economics for the Consumer. River Forest, Illinois: Laidlaw Brothers, 1974.

## UNIT II: PROTECTING AND ASSISTING THE CONSUMER

### Overview

To be an intelligent consumer, students need to have knowledge about the laws which govern all consumer transactions. One of the satisfactions of having some knowledge of the law is that it enables consumers to do business in a businesslike way.

Lesson I examines the specific applications of the law to consumer interests and activities. It includes an explanation of contracts and the essentials of contracts, and of sales and conditional sales agreements. Students will also learn to protect checks from being cashed by someone else by restricting the endorsement of the check. And finally, express and implied warranties and guidelines for evaluating the provisions of guarantees and warranties are examined.

Lesson II looks at the Consumer Bill of Rights and the responsibilities which accompany these rights Students learn how to obtain the information needed to make intelligent consumer choices and decisions. A discussion of the ways to ensure safety and choice are also included in this lesson.

Lesson III deals with consumer protection. This lesson explores the avenues open to consumers for protecting their rights. Students will learn to complain effectively and write letters of complaints. Students will examine ways to protect their rights in small claims court, or with the aid of an attorney or consumer protection agency. Students will also become familiar with federal, state and local agencies that serve and protect the consumer.

# INDEX TO STUDENT TEXTBOOKS: UNIT II

| Authors* | Consumer Law | Consumer Rights and Responsibilities | Consumer Protection and Redress |
|---|---|---|---|
| Bittinger | 189-192 | | 193-198 |
| Garman and Eckert | 65-68, 70, 272-275 | 64-65, 68-71 | 72-77 |
| Jelley and Herrmann | 469-483, 489-497 | 73-89 | 484-487 |
| Linder | | 73-83, 114-115 | 102-110, 112-113 |
| Morton and Rezny | | 127-133 | 118-123 |
| Plunkett | 22-26, 80-87, 98 | 21-37 | 31-35 |
| Saalbach | D3-D9, D22-D25 | D28-D32 | D10, D33-D34 |

* Complete bibliographical information at the end of this unit.

## UNIT II: PROTECTING AND ASSISTING THE CONSUMER

### Concepts

1. Consumer law
2. Consumer rights
3. Consumer protection

### Generalizations

1. A working knowledge of the laws that govern consumer activities is necessary to look after one's own interests in the marketplace.
2. Familiarity with the various types of contracts consumers are likely to enter in is essential to protect one's rights and assume one's responsibilities when entering into binding agreements.
3. Knowledge of and ability to use appropriate forms of legal action are basic to the consumer's strength and equality in the marketplace.
4. Familiarity with the leading government, business, and private consumer protection agencies and activities aids consumers in obtaining information and protecting their rights.
5. Consumer effectiveness rests largely on the energy individuals invest in understanding and protecting their consumer rights and in assuming the accompanying responsibilities.

### Objectives

1. Identify key consumer protection laws and describe the main provision(s) of each.
2. Identify the essential elements of a legal (valid) contract and give an example of each element.
3. Distinguish between an express and implied contract and warranty.
4. Identify legitimate consumer rights and corresponding responsibilities.
5. Identify different sources of information and describe the kinds of information provided.
6. Identify procedures to follow in making an initial complaint and in following up when necessary.

7. Describe the steps consumers can take to protect their rights and use their clout in the marketplace.

8. Identify key third party sources of assistance in resolving consumer/seller disputes.

# LESSON I: CONSUMER LAW

What laws exist which protect consumers? What is a contract? Does a contract have to be written to be enforceable? What conditions must be met in order for a contract to be valid?

## Concepts

1. Consumer law
2. Contracts

## Generalizations

1. A working knowledge of the laws that govern consumer activities is necessary to look after one's own interests in the marketplace.
2. Familiarity with the various types of contracts consumers are likely to enter in is essential to protect one's rights and assume one's responsibilities when entering into binding agreements.

## Objectives

1. Identify key consumer protection laws and describe the main provision(s) of each.
2. Identify the essential elements of a legal (valid) contract and give an example of each element.
3. Distinguish between an express and an implied contract.
4. Distinguish between an express and an implied warranty.
5. Identify the requirements that an instrument must have in order to be negotiable.
6. Identify and explain the laws which affect teenage consumers.
7. Complete a commonly used form: write personal checks correctly.

## Vocabulary Words to Know

1. Contract: An agreement between two or more persons legally binding them to an exchange of goods, money, or services.

2. Express contract: An agreement stated between buyer and seller, usually written but can be verbal, to do or not do certain acts.

3. Implied contract: An agreement made by actions rather than by words, for example, when a consumer puts money into a vending machine to buy juice.

4. Negotiable instruments: Pieces of paper carrying promises to pay or requests for delivery of money. Also called commercial paper.

5. Check: Written order to a financial institution to pay the amount stated to the person or business named.

6. Promissory note: A legal written promise to pay money at a fixed rate of interest by a set date.

7. Warranty: A guarantee, usually in writing, from a manufacturer to certify the quality of a good or service for a given time.

8. Express warranty: A stated promise, verbal or written made by a seller or manufacturer that guarantees the quality, content, or performance of a good or service.

9. Implied warranty: A guarantee made by law, which does not need to be written or spoken, that a good or service for sale is safe and works as it should.

10. Blank endorsement: A signature of the payee on the back of a check.

11. Drawee: A bank from which money is withdrawn when a check is cashed.

12. Drawer: A person who writes a check. Also called a payer.

13. Endorse: To sign one's name on the back of a check.

14. Overdraft: A check written on an account containing less money than the amount of the check.

15. Payee: The person or business named on a check to receive money when the check is cashed.

16. Restrictive endorsement: Adding the phrase *For deposit only* or *Pay to the order of* above the payee's signature on the back of a check, thus limiting payment of the check.

## Initiating Activity

Introduce students to this lesson by having them describe laws which protect consumers. If students do not respond, then stimulate their minds by asking more concrete questions, such as:

a. Do you suppose there's a law which concerns the toothpaste you used this morning? What do you think the law states?

b. Do you suppose there's a law which concerns the clothing you wear?

c. Do you suppose there's a law which concerns the food you eat?

Then discuss the importance of such laws to consumers. Are there other areas which should be regulated by law?

Encourage all students to share their ideas and acknowledge students for participating in the discussion.

## Developmental Activities

1. Consumer Protection Laws

   a. Have students compile a list of key consumer protection laws and state the major provision(s) contained in each law. Discuss the importance of the laws to consumers.

   Students may use the following sources for information:

   Garman and Eckert, The Consumer's World, pp. 65-68, includes a listing of some consumer legislations and rulings.

   Jelley and Herrmann, The American Consumer, pp. 489-497, describes the historical development of consumer protection laws.

   Saalbach, Consumer Rights and Protection, pp. D22-D25, describes some consumer protection laws.

   b. Show the following filmstrip from The Butterick Consumer Education Series:

   Program Five: The Action Process

   Filmstrip 2: "Power to the Purchaser"

   The filmstrip helps to make students aware of the importance of consumer protection laws in their own lives and their rights to demand safe, hazard free products and truthful advertising.

   The Teacher's Guide includes activities to introduce the filmstrip, discussion questions, and enrichment activities.

2. Consumer Law and Teenagers

Introduce this activity to students by having them suggest laws which protect or restrict teenage consumers. Have students suggest why they think the laws were passed and whether or not the laws should be changed.

Or have students discuss whether or not teenagers should be allowed to make legally binding contracts. The pros and cons of such contracts can also be discussed.

Have students read "Consumer Law and Teenagers" in "Unit II: Appendix A" at the end of this unit. Or have students read the article in Current Consumer (October, 1981), pp. 3-11.

Discuss the following issue presented in the article: Does the legal system protect minors or overprotect them?

3. Contracts

Create a bulletin board display of contracts. Include different kinds of contracts and agreements, such as retail installment contracts, lease and rental agreements, and promissory notes.

Introduce students to this activity by discussing the different types of legal documents and why they are important in our society.

a. Invite a lawyer to talk to the class about contracts. Prepare a list of questions to cover the following points:

    1) Hawaii's laws about minors' rights and duties in contracts.
    2) Kinds of contracts that should be in writing.
    3) What a written contract must include to be valid.
    4) How to bring a lawsuit to court for breach of contract.
    5) Choosing a lawyer to represent oneself in court.

    Prepare the lawyer for the activity by giving him/her a description of the students and what is expected of him/her.

    Prepare the students for the lawyer's visit by discussing the purpose of the visit and giving them some basic information about the speaker. Important concepts or terms that the speaker will probably use should also be discussed with students.

    After the lawyer's talk, discuss students' experiences. The following questions can be used as guidelines.

    1) Do you feel that you learned anything from the experience?

    2) Did the speaker influence your views?

    3) How would you rate the experience overall?

b. Hand out samples of installment contracts, promissory notes (loans), and lease and rental agreements to students.

Call students' attention to the important words or terms used in the forms. Have students discuss the meanings of the terms and the importance of knowing what the words mean.

Divide the class into small groups of about three to five students. Have each group examine one of the forms and come up with some "dos and don'ts" for the consumer to follow before signing a contract or agreement. Have each group share its "rules" with the class.

Students may validate their answers by reading about contracts in their texts or other resources.

c. For further information on contracts, students may see the following sources:

Bittinger, The Consumer Survival Book, pp. 189-192.

Garman and Eckert, The Consumer's World, p. 70.

Jelley and Herrmann, The American Consumer, pp. 469-478.

Plunkett, The Consumer in America, pp. 25-26.

Saalbach, Consumer Rights and Protection, pp. D3-D9.

4. Warranties

a. Write the word "warranty" on the chalk board. Have students define the word and discuss its importance to consumers and sellers.

Have students bring in warranties for one product, such as a stove, television, stereo, or cassette/radio. Divide students into small groups of three and have them use the checklist below to compare the warranties.

1) Who is giving the warranty?
2) What parts are covered?
3) Who will repair the appliance?
4) Does the warranty cover the cost of labor as well as parts?
5) How long does the warranty last?
6) Is the warranty full or limited?
7) Which warranty is best? Why?

b. Show the following filmstrip about warranties from The Butterick Consumer Education Series:

Program Four: The Legal Process

Filmstrip 1: "Satisfaction Guaranteed"

The Teacher's Guide includes initiating activities, discussion questions, and enrichment activities.

Students may gather additional information about warranties in the following sources:

Bittinger, The Consumer Survival Book, pp. 190-191.

Garman and Eckert, The Consumer's World, pp. 272-275.

Jelley and Herrmann, The American Consumer, pp. 479-483.

Plunkett, The Consumer in America, pp. 22-24.

Saalbach, Consumer Rights and Protection, pp. D6-D8.

c. Have small groups of students role-play problems that might arise if consumers do not fully understand the terms of a warranty. Then have the class suggest how such problems can be avoided.

5. Checking Accounts

a. Ask students to describe laws that concern checks and checking accounts. Or have students suggest some "dos and don'ts" which consumers need to remember about writing checks.

Have students read "A Story of Checks and Balances ..." See "Unit II: Appendix B" located at the end of this unit. Or have students read the article in Current Consumer (March 1981), pp. 20-23.

Students may also read about checking accounts in Plunkett, The Consumer in America, pp. 80-87, 98.

Make sample checks and have students practice writing checks properly. Then have students balance "their" checking accounts.

b. Have students compare opening a minimum balance account that requires the individual to keep $300 in the account at all times and a regular checking account that has a service charge of $3 a month. How much would each account cost you for a year? (Hint: How much would you make on $300 deposited in a regular passbook savings account at a bank?) Which account would cost less?

## Culminating Activities

1. Ask groups of students to present brief dramatizations of contract situations. Some may dramatize situations in which one or more of the elements of a contract have been omitted and others may dramatize situations in which the contract is binding. Do not discuss the assignment of each group with the class as a whole, so that after each dramatization, the class can discuss why the contract is or is not binding.

2. Write the following topics on the chalk board and have students summarize what they have learned.

   - Contracts and Agreements
   - Warranties
   - Checks and Checking Accounts

# LESSON II: CONSUMER RIGHTS AND RESPONSIBILITIES

As a consumer, what are your rights? What are your responsibilities? What can you do to protect yourself?

## Concepts

1. Consumer rights
2. Consumer responsibilities

## Generalizations

1. A working knowledge of the laws that govern consumer activities is necessary to look after one's own interests in the marketplace.
2. Consumer effectiveness rests largely on the energy individuals invest in understanding and protecting their consumer rights and in assuming the accompanying responsibilities.

## Objectives

1. Identify legitimate consumer rights and corresponding responsibilities.
2. Identify the different sources of information about consumer rights and describe the kinds of information provided.

## Vocabulary Words to Know

1. Right: Something that is due a person.
2. Responsibility: The quality or condition of being accountable; obligation.

## Initiating Activity

Introduce students to this lesson by having them list problems with products or services they have experienced or heard about. Ask students if they think consumers have a right to be free from such problems.

Inform students of the following Consumer Bill of Rights:

- The right to safety: to be protected from the sale of goods or services that are hazardous to our health or our lives.

- The right to be informed: to be given enough accurate information to be able to make sound buying choices and to protect ourselves against misleading advertisements and packaging, unfair or deceptive sales tactics, and so on.

- The right to choose: to be able to select, when possible, among a variety of goods and services marketed at competitive prices.

- The right to be heard: to be assured that our interests, opinions, and wishes as consumers are reflected in the actions of government and business.

- The right to redress: to ensure that we will be allowed to seek legal correction of wrongs done to us as consumers.

- The right to consumer education: to be provided with the opportunity to learn about our role as consumers, including our rights and responsibilities as economic citizens.

Have students categorize the problems they listed into the six consumer rights described above.

## Developmental Activities

1. Consumer Rights

   a. Discuss the right to choose that is exercised by individuals as consumers and workers. Relate this right to the students' lives by asking them to name some economic choices they have made recently, such as getting a part time job or purchasing a record album. Then ask them if they were free to make these choices themselves or if someone else forced them to work in a particular job or buy a certain product. Students should then realize that we enjoy a great deal of economic freedom.

   b. For further information or consumer rights, see the following sources:

      Garman and Eckert, The Consumer's World, pp. 64-65, 68-69.

      Plunkett, The Consumer in America, Chapter 2, "Understanding Consumer Rights."

2. Consumer Responsibilities

   a. Inform students that rights have corresponding responsibilities. Ask students to write the consumers' responsibilities for each of the rights described in the introductory activity. Students may compare their answers with the following:

| The Right | The Responsibility |
|---|---|
| to safety: | to use, store and dispose of products safely -- to follow directions, to use the products only for the intended purpose(s), to avoid endangering others. |
| to be informed: | to seek and to use that information -- to read labels and tags, to compare prices or credit terms, to seek out the facts about something we plan to buy. |
| to choose: | to choose well -- to get the most for our money, to buy only products or services that are well-made, competitively priced, and which should receive our endorsement. |
| to be heard: | to speak out -- to let producers and sellers know what we think of their products or services, to get involved in the making of decisions that influence our consumer lives. |
| to redress: | to seek redress -- to use whatever channels we have open to us to fight a violation of our right. (This also includes a responsibility to be honest _yourself_ in consumer activity!) |
| to consumer education: | to become educated consumers -- to take advantage of opportunities to learn more about how we can become more effective consumers, and to insist on the availability of those opportunities to consumers of all ages. |

3. Sources of Information

Inform students that there are many sources of information for consumers. Have them suggest some sources.

Inform students that seals of approval are sources of information.

a. Prepare a bulletin board of seals of approval. Clip seals from magazines or draw facsimiles of them. Try to collect seals from as many of the following organizations as you can: American Dental Association, American Gas Association, Good Housekeeping, National Association of Furniture Manufacturers, Parents' Magazine, Underwriters' Laboratories. Under each seal, mount a picture of a product given the seal of approval. Below each picture place a short statement indicating the assurance of the seal.

   Or have students read Saalbach, _Learning to Be a Better Buyer_, p. C35, which describes commonly used seals of approval.

   Discuss: Is the use of each seal valuable to consumers? Explain.

b. Other sources of information include the Better Business Bureau (BBB), professional organizations such as the American Medical Association, independent consumer agencies, such as Consumers Union and Consumers' Research, which publish magazines and special reports.

Have students suggest when it might be safe to rely on seals of approval, and when it might be safer to contact a business, professional, or independent organization.

Students may read about sources of information in the following:

Jelley and Herrmann, The American Consumer, pp. 73-89.

Saalbach, Consumer Rights and Protection, pp. D28-D32.

For further information on responsibilities of consumers, see Garman and Eckert, The Consumer's World, pp. 69-71.

c. Have students collect labels from a variety of food products, clothing and textiles, drugs, and appliances. Use them for display and discussion and to illustrate the types of information labels provide.

The following questions can serve as discussion guidelines.

1) What information is given on the labels? Is each piece of information important?

2) Is the unit price on the label? Would unit prices help consumers? Do you think labels should include unit prices?

3) Is there anything on the label that entices consumers to buy the product? Do you think this is unfair to consumers?

For further information on labels see Linder, Economics for Young Adults, pp. 73-83.

d. Have students complete the "Product Safety Investigation" questionnaire by investigating a product in their home for potential hazards. Suggest that students take a safety tour of their home -- kitchen, bathroom, garage. Items to investigate: lawn mower, electric hedge trimmer, ladder, bicycle, skateboard, toys, Christmas lights, appliances, etc.

On the day the questionnaire is due, call on several students to tell about their findings. Who uses the product? Do they think the product should be banned from the marketplace because it is unsafe?

See "Unit II: Appendix C" at the end of this unit for a copy of the questionnaire.

e. Have students assume that they want to purchase a complete stereo system. Obtain a copy of the most recent Consumer Reports Buying Guide Issue or Consumers' Research's Annual Bulletin. Determine what the testing agency recommends as the best buy for each of the following stereo components: stereo pickup cartridge, turntable and changer, magnetic tape deck and recorder, stereo receiver, loudspeaker, and headphones. Prepare a report listing the prices of the components selected and the total cost of the proposed project. Compare the prices with those at a well-known store in your community.

Other products may be substituted for the stereo system.

4. Consumer Action

   a. One form of consumer action is the establishment of cooperatives or co-ops, which are businesses owned and operated by the consumers themselves. Ask students if they know of any co-ops. What do they sell? How do they operate? Who are the directors and managers? How are they elected? What do the members of the co-op do? Do members take part in running the business? What are the advantages of being a member?

      Linder, Economics for Young Adults, pp. 114-115, includes some information on cooperatives.

   b. Some consumers protect themselves by buying pre-paid legal plans. Have students investigate such plans. Questions to answer may include: How does it work? What are the fees? What kinds of action are covered?

   c. Since consumers are also citizens, have students suggest what consumers, as citizens of the community, can do to protect their rights in the marketplace. Encourage students to share their ideas.

      For further information, students may read Morton and Rezny, Consumer Action, pp. 127-133, which describes various kinds of citizen action.

   d. Citizens can also influence the laws of the marketplace by the people they elect. Have students investigate how to register to vote. What is the residency requirement? Where, when, and how do people register to vote? In a senior class, students could conduct a registration drive among those students 18 years of age or older.

   e. Inform students that Americans have been consuming energy and natural resources at an ever-increasing rate. Discuss: If the present rate of consumption continues to increase, what problems will we face?

      Show the following filmstrip from The Butterick Consumer Education Series.

      Program Five: The Action Process

      Filmstrip 3: "The Consuming Process"

      The Teacher's Guide includes an introductory activity, discussion questions, and enrichment activities.

## Culminating Activities

1. Write the title of this lesson, "Consumer Rights and Responsibilities," on the chalk board. Have students suggest words or phrases that come to their minds. Chart their responses. Then have students suggest statements which summarize the lesson.

2. Have students present short skits which express the main ideas or points to remember about consumer rights and responsibilities.

# LESSON III: CONSUMER PROTECTION AND REDRESS

How can you use your power in the marketplace? How can you find out which products or dealers you can depend on? How can you help yourself if you get a bad deal? If you need outside help, where can you get it?

## Concepts

1. Consumer protection
2. Legal remedies

## Generalizations

1. Familiarity with the leading government, business, and private consumer protection agencies and activities aids consumers in obtaining information and protecting their rights.
2. Knowledge of and ability to use appropriate forms of legal action are basic to the consumer's strength and quality in the marketplace.

## Objectives

1. Identify procedures to follow in making an initial complaint and in following up when necessary.
2. Describe steps consumers can take to protect their rights and use their clout in the marketplace.
3. Identify key third party sources of assistance in resolving consumer/seller disputes.

## Vocabulary Words to Know

1. Better Business Bureau: A nonprofit association set up and sponsored by local businesses to investigate and give information about businesses that practice deceptive or unethical methods.
2. Office of Consumer Protection: A state office whose primary function is to investigate unfair or deceptive acts or practices which affect consumers. It also enforces consumer protection laws.

3. Chamber of Commerce: An association of business people and merchants that promotes the business interests of the community.

4. Consumer action group: An organization set up by consumers to take action against unfair business practices or otherwise promote consumer interests.

5. Consumer Reports: The nation's largest-selling consumer comparison-shopping magazine. It is published by Consumers Union, a professional research and consumer activist organization that is free of connnections with business.

6. Consumers' Research Magazine: A magazine published by Consumers' Research, Inc., an organization that tests consumer products for design and construction.

7. Department of Consumer Affairs: A city or county department whose law-enforcement division takes legal action against businesses that break consumer protection laws.

8. Hot lines: Telephone numbers that consumers can call free of charge to register complaints with companies about their products.

9. Small-claims court: A court that handles cases involving small amounts of money and which no lawyer represents either side.

10. Legal remedy: A way to make up for a wrong committed against a person.

## Initiating Activity

Do a word association activity to introduce students to this lesson and to assess students' knowledge. Write the words "consumer protection" on the chalk board and ask students to recall words, phrases, or ideas that concern consumer protection. List students' suggestions on the chalk board. Then have students classify and categorize the list. Ask students to make statements which summarize the discussion.

Inform students of the objectives of this lesson.

## Developmental Activities

1. Government and Private Agencies

   a. Have students recall government and private agencies which protect consumer interests. Discuss how they protect consumer interest.

      List products or services, such as hamburger, automobile, airplane, aspirin, radio, roofing company, and have students identify or describe corresponding protective agencies.

These protective agencies include the Federal Trade Commission, Food and Drug Administration, Post Office, Department of Agriculture, Federal Aviation Agency, Office of Consumer Protection, Better Business Bureau.

Have students make generalizing statements about the scope of these agencies.

Students may see the following sources for information about federal and private agencies:

Linder, Economics for Young Adults, pp. 102-110, 112-113.

Morton and Rezny, Consumer Action, pp. 118-121.

Saalbach, Consumer Rights and Protection, D33 - D44.

b. Invite a representative of the Better Business Bureau or Office of Consumer Protection to class. Students can question the representative on the following: how this agency protects consumers; the success rate of the agency; the procedures used to investigate suspected businesses; and the accurateness of their records on legitimate businesses.

2. Complaint Procedure

a. Have students suggest situations where they have experienced receiving a defective product or bad service. Discuss the actions consumers can take in similar situations to remedy the situation.

Or discuss hypothetical situations like the following:

- You bought a toaster-oven for your mother from the neighborhood store. The oven works fine, but the toaster has too much "spring" in it. When the toast is done and pops up, it always lands on the counter or the floor.
- You opened a bottle of soda pop, and the bottle suddenly exploded. Pieces of glass flew in all directions, resulting in the loss of vision in one eye.

Questions to discuss may include the following:

1) What steps can consumers take in similar situations?

2) When is a lawyer needed?

Encourage students to share their ideas and acknowledge those who participate in the discussion.

b. Have the class discuss and then develop a complaint procedure, the steps responsible consumers should take when seeking redress.

Students may validate their ideas by reading about effective complaining in the following sources:

Bittinger, The Consumer Survival Book, pp. 193-196.

Garman and Eckert, The Consumer's World, pp. 72-74.

Morton and Rezny, Consumer Action, pp. 113-116.

Plunkett, The Consumer in America, pp. 31-33.

Saalback, Consumer Rights and Protection, p. D10.

c. Use real life situations and have students write letters of inquiry, complaint, or suggestion to business or government agencies.

d. Have students view the following filmstrip from The Butterick Consumer Education Series:

Program Four: The Legal Process

Filmstrip 3: "Following Through"

The Teacher's Guide includes introductory activities, discussion questions, and enrichment activities.

Have students look over their complaint procedure and make necessary changes.

3. Legal Redress

a. Have the class recall its discussion about situations or problems which require a lawyer.

Discuss how they would go about getting a lawyer.

Students may see the following for information about when and how to get a lawyer.

Jelley and Herrmann, The American Consumer, pp. 484-485.

Plunkett, The Consumer in America, pp. 34-35.

In Hawai'i, the Small Claims Court hears cases that involve the recovery of monies up to $1,000.

b. Discuss the kinds of cases that would be heard in a regular court and in Small Claims Court. In Hawai'i, lawyers are allowed in Small Claims Court other than in a security deposit dispute. However, the assistance of a lawyer is often not necessary.

Students may read the following for information about using the courts to gain satisfaction.

Bittinger, The Consumer Survival Book, pp. 197-198.

Garman and Eckert, The Consumer's World, pp. 75-77.

Jelley and Herrmann, The American Consumer, pp. 485-487.

Morton and Rezny, Consumer Action, pp. 121-123.

Plunkett, The Consumer in America, pp. 34-35.

Have students assume they have a dispute with a neighbor concerning who is to pay for the removal of a tree that grew on the property line. What would be some things to consider in deciding whether to take the case to a small claims court, or wait for a regular court hearing?

c. Have small groups of students develop cases to take to small claims court. Have some groups work on cases where the plaintiff's case is weak. Have students fill out the small claims questionnaire and role-play the cases in court. See "Unit II: Appendix D" at the end of this unit for the questionnaire and "Unit II: Appendix E" for background information to help students prepare for the cases and role-play the cases in court. The class can be polled at the conclusion of the court case to determine the outcome of the case.

d. Have students play the game "Redress" from Consumer Law, Resource Kit for Teaching Consumer Education. The game is published by Changing Times Education Service, Editor's Park, Maryland 20782.

e. Inform students about the Neighborhood Justice Centers which serve as alternatives to the court system in resolving conflicts. These centers are private, nonprofit agencies which mediate conflicts such as consumer-merchant, landlord-tenant, domestic and custody disputes. Mediators help the parties to communicate with each other and to arrive at their own solutions to the problems. Centers are located on O'ahu, Maui and Kaua'i. Students may role-play consumer-merchant and landlord-tenant conflicts.

## Culminating Activity

Have the class develop a three part "Guide to Consumer Behavior in the Marketplace," which outlines steps consumers can take to:

a. get their money's worth and avoid problems;
b. complain effectively when necessary and resolve disputes with sellers;
c. follow up when third part recourse is needed.

## UNIT II: APPENDIX A

## CONSUMER LAW AND MINORS

A minor, in Hawai'i, is anyone under the age of 18. Minors are set apart from others by special rules and laws. These rules and laws give minors many special rights and protections, but also set limits on what they can do.

Minors were not always regarded as a special class. In the past, children could be punished as harshly as adults. For example, in the early 1900s in America, an 8-year-old was tried and executed for arson. As society's views of minors changed through the years, so did the laws. The following illustrates this process of change:

- 1654--A Stubborn Child Law was passed in the Massachusetts Bay Colony. Rebellious children and servants were treated as equal. Disobedience sometimes resulted in death.
- 1899--In Illinois, a separate juvenile court system for minors was established. It protected minors from being tried and punished as adults.
- 1967--The Supreme Court decided to hear the case of a 15-year-old boy, Gerald Gault, who was sentenced to a state industrial school despite conflicting stories and a lack of hard evidence. The Supreme Court decided that minors have some of the same "due process" rights as adults. These rights include fair notice of the charges, right to a lawyer, cross-examination of witnesses, protection from self-incrimination.
- 1969--The Supreme Court decided to hear the case of three Iowa high school students who were suspended from school for wearing black armbands (with their parents' permission) to protest the Vietnam War. The Supreme Court ruled in favor of the students and said that students are 'persons' under our Constitution and are guaranteed the constitutional rights to freedom of speech and expression.

Almost all of the present rules and laws relating specifically to minors are statutory laws--laws passed by various state and local bodies. This means that the laws governing minors may vary from one governing district to another. For example, while many states allow 18-year-olds to drink alcoholic beverages, other states have raised the drinking age limit to 19 and 20.

Many of the laws deal with minors' rights and obligations as consumers of goods and services. The purpose of these laws is to protect minors from being taken advantage of in the marketplace and workplace.

The following are four areas of the law that may affect minors most directly:

## Rights in Business: Contracts

Minors may sign contracts, which are binding agreements between two parties. The law allows minors to back out of almost any contract they make, but requires adults who make contracts with minors to keep their end of the contract. In most cases, any contract minors want to make requires the signature of a parent or someone of majority age who is willing to be a co-signer.

Some contracts may be binding even when made by minors. For example, a contract to join the armed services is binding, although federal law requires that the minor be at least 17 and have parental consent. Another example is a contract a minor makes when he or she gets a driver's license. Contracts made by minors (with parental consent) are also binding if they are involved in businesses of their own.

## Rights at Work: Employment and Earnings

The intent of the United States' child labor laws is to protect young people from dangers and exploitation. Both the federal government and the states have child labor laws. The following is a list of typical rules applying to young people who want to work.

- Children as young as 12 may work for their parents and may work outside of their home in a few jobs--as caddies, actors, newspaper carriers, etc. They may not work full-time until they are 16.

- Minors between the ages of 12 and 16 must usually apply for a work permit before they can be employed. Minors who are self-employed as baby sitters, yard cleaners, etc. are not usually required to apply for a permit.

- Minors are not allowed to do any kind of hazardous work. Hazardous work may include working in mines and stone quarries and operating dangerous machines, such as power saws and meat slicers.

- Young workers must be treated the same as their adult co-workers. Minors are entitled to worker's compensation, and to any fringe benefits their employers offer to part-time workers of any age.

- Legally, the parents of minors are entitled to the minors' earnings and services.

## Rights of Access to Personal Records

The 1974 Buckley Amendment of the Family Educational Rights and Privacy Act gives students and parents access to the school files.

Parents can legally request to see the contents of their children's records until the children reach age 18 or graduate from high school. Once the children turn 18 or graduate from high school, only they have the right to examine their own school files.

In many instances, minors have the right to examine the records other agencies and people, such as doctors, hospitals, family court, youth service agencies, may have on them. They can challenge any information they feel is inaccurate.

Minors also have some rights in deciding who else can see their records. According to the law, any agency or person cannot release information from its files to others without permission from the minors (or parents if the children are under 18 and have not graduated from high school).

## Rights to Health Care

The issue of minors' rights to privacy in the area of health revolves around the following questions: Should minors, regardless of their ages, have the right to obtain medical treatment in private and have the treatment kept private? Should privacy in health care depend upon the kind of help that is requested? These questions are being decided in many state courts and the Supreme Court.

Currently in more than half the states, parental consent is not required in the following cases:

- Life threatening, emergency situations--when parents can't be contacted and immediate lifesaving measures are necessary.
- Emancipated minors--when minors are living apart from their families and are self-supporting or married.
- Mature minors--when minors are capable of making decisions regarding treatment.

Laws regarding minors' rights in the area of health care vary from state to state. Some states' laws reflect the traditional view and give a great deal of control to parents. Other states' laws reflect the view that older adolescents are mature enough and capable of making informed decisions about certain kinds of health care.

## Rights in the Political Process

The 26th Amendment to the U.S. Constitution, enacted in 1973, gave 18-year-olds the right to qualify to vote in federal elections. Many states also lowered the voting ages to 18 for state elections.

Minors can influence the political process and express their consumer concerns to government by:

- Working for candidates who support consumer policies and issues.
- Joining groups that represent and lobby for consumer interests.

## In Conclusion

Some experts feel that the legal system overprotects minors. They feel that by delaying legal adulthood, society prevents young people from learning how to handle money wisely and from assuming adult responsibilities and privileges long past the time when they are ready to assume them.

Other experts feel that the system should protect minors. They feel that too much freedom at too early an age is a difficult burden for young people to handle. They feel that the minority years provide the youngsters with time to learn about responsibilities of adulthood and to acquire them gradually.

Minors are on the seesaw between childhood and adulthood and need both security and room for freedom. The goal of the law is to keep minors on this seesaw until they are ready to jump off and assume adult responsibilities and privileges.

Source: "On Being a Teenage Consumer: The Rights of Minors," Current Consumer (October 1981), pp. 3-11.

## UNIT II: APPENDIX B

## A STORY OF CHECKS AND BALANCES

A checking account is a great convenience. It enables a person to buy goods and services without carrying a lot of cash. It can also be a great asset or a source of embarrassment, depending on whether it is used properly or improperly.

The first step towards opening a checking account is to inquire into the different types of accounts and services offered by financial institutions in the community. The following is a list of accounts and services to ask about:

- Bill-paying services. Funds are transferred from the savings account to pay bills.
- Electronic transfers. Computer terminals and transaction cards are used to make deposits, withdrawals, payments, and transfer of funds from savings to checking.
- NOW (Negotiable On Withdrawal) Accounts. These interest bearing checking accounts require a minimum balance.
- Overdraft accounts. Credit on the account is automatically extended to prevent the consumer from being overdrawn.
- Regular checking accounts.
- Share drafts. These are interest bearing accounts offered by credit unions.
- Telephone transfers. Money can be moved from savings to checking accounts by telephone.

A consumer should investigate all the possibilities before selecting the financial institution and account that are right for their needs.

Many financial institutions won't allow a minor to open a checking account unless it is done jointly with an adult. A joint account enables either of the parties to endorse and cash checks on that account.

To open an account, the consumer needs to make a deposit and will probably be offered a choice of check design, color, and imprint. The imprint contains the name(s) and address, and may include social security number and telephone number. The consumer should ask about cost before making a decision.

When writing a check a consumer should fill in all blanks properly and use ink, not pencil.

Once a check is written or a deposit made it should be immediately entered in the check register. All information should be filled in. A running balance should also be kept.

A bank statement is sent monthly. It states the opening balance, which is the amount of money in the account at the start of the banking period, the deposits made, all checks cashed on the account, any service charges, and the amount of money in the account at the close of the banking period.

"Bounced" checks can cost a consumer extra money and additional problems. Every overdraft means a service charge (usually $4-$10) which the consumer has to pay if it is processed by the bank. The bank may return the check uncashed to the merchant or person named on the check. It is also against the law to write a check knowing that the account doesn't have enough money to cover the check.

If properly used and maintained a checking account can provide consumers with a safe, convenient way to pay for goods and services.

Source: "A Story of Checks and Balances," Current Consumer (March 1981), pp. 20-23.

## UNIT II: APPENDIX D

## SMALL CLAIMS QUESTIONNNAIRE

### If You Sue

Filing a claim is the first and easiest step to getting your money back. There are several important things to be done to insure that you have a decent chance of getting your money.

1. The first step in filing your claim is deciding who you should go after; that is, deciding who will be the defendant. (You, the claimant, are the plaintiff.) Remember the following rules when you're figuring out who you want as your defendant:

   (a) Always make sure that it's the right person and that you know his/her correct name. For example, if you want your rental security deposit back, you must sue the landlord or the owner of your apartment and not the manager. If your car wasn't properly repaired, you should sue the owner of the garage, not the mechanic. If you are in a car accident, both the registered owner and the driver should be sued.

   Important: When in doubt, sue both. This will give the Small Claims Court the opportunity to straighten things out.

   (b) You must have the correct residential address of the person you are going to sue. If you cannot get the residential address, get the business address.

2. Having decided who your defendant is, go to your district's Small Claims Court located at ___(address)______________.

   Inform the clerk that you wish to file a claim. The clerk will give you a questionnaire to fill out and will assist you, if you wish. In order to fill out the questionnaire, you must have knowledge of the following:

   - Name(s) and address(es) of person(s) you are suing as explained above.
   - How much you are claiming.
   - Why you should get it.
   - How long you've been owed the money.

   The clerk will then put all this information on a Statement of Claim form. On the back of this form is the date when you and the defendant must come to court.

Source: Gotta Sue in Small Claims Court! Your Guide to the Small Claims Court. Published by the Hawai'i State Judiciary, 1978.

NOT TO EXCEED $1,000.00
(except security deposit)

## DISTRICT COURT OF THE FIRST CIRCUIT
## SMALL CLAIMS QUESTIONNAIRE

PLAINTIFF

1. Name ______________________________________________

2. Address ____________________, ______________ Zip code _______

3. Telephone No. ______________

DEFENDANT(S)

1. Name ______________________________________________

2. Address ____________________, ______________ Zip code _______

3. Telephone No. ______________

AMOUNT PRAYED FOR $ ______________ Date Happened ______________

Brief Explanation ______________________________________

______________________________________________________

______________________________________________________

______________________________________________________

______________________________________________________

## UNIT II: APPENDIX C

## PRODUCT SAFETY INVESTIGATION

Product ________________________________________

Brand ____________________ Manufacturer ____________________

Examine the product for these potential hazards in using it:

1. What is the source of energy needed to operate the product? (e.g., mechanical, electrical, thermal, chemical or nuclear)
2. How is the product insulated so as to protect the user from this energy source? (e.g., "grounding" on electrical cord)
3. Are there hazardous substances in the product which are flammable, combustible or poisonous? (e.g., fabrics, chemicals, explosives, lead paint)
4. Are the materials and fasteners used in making the product durable and safe? (e.g., screws, nuts, bolts, nails, glues; movable parts covered)
5. Is the design of the product logical? (e.g., no rough or sharp edges, good balance and weight, ease in operation and storage)
6. Are the instructions for using the product complete, and easy to understand and follow in operating it?
7. Was the product tested for safety and by whom? (e.g., government, manufacturer, Underwriter's Laboratories, Consumers Union, Consumers' Research)
8. Is the product properly labeled to provide adequate warning or guidance for safe use?
9. Is it possible for the product to cut, burn, bruise, maim, or kill a person who abuses or misuses it? Explain in what way.
10. What government agency would be responsible for setting this product's safety standards?

## UNIT II: APPENDIX E

## SMALL CLAIMS COURT

### PREPARING YOUR CASE

Persuading a Small Claims judge is like persuading anyone else. The better and more complete your evidence, the greater your chances of winning. If you keep the following points in mind, your chances of winning will be even greater.

1. Outline all the things you want to say to the judge before you go to the hearing.
2. If you are bringing or defending a claim about an auto accident, draw a diagram of the accident showing street names, directions and positions of cars and people. You will probably be asked to do this at the hearing for the judge, so you should have it ready.
3. A lawyer can help you prepare your case if you feel it's necessary.
4. See if there are any witnesses who saw your accident, or who were with you when you signed a contract or a lease, or when you bought something. The police report may contain the names of people who witnessed your accident. If there were witnesses, ask them questions about what they saw and remember. If you know someone who might be a good witness but who doesn't want to come or who cannot leave work without a good excuse, you can make him/her come to court. Simply go to the Small Claims clerk and tell him/her you want to "subpoena" a witness. You give the Small Claims clerk the name and address of the witness and he/she will give you a subpoena that will order the witness to come to court. Then you must take the subpoena to the Sheriff to be served (delivered personally). There is a $1 charge for filing a subpoena. The subpoena must be served at least 48 hours before the hearing.

### WHAT TO BRING TO COURT

Bring to court any papers that relate to your claim or defense:

- Letters between you and the opposite party.
- Invoices or notices to pay.
- The lease or contract.
- Cancelled checks.
- Receipts.
- Photographs of your apartment when you moved in or out.
- Photographs of damages to your auto.
- Diagrams of your auto accident.
- If your claim or counterclaim is for money for something damaged (like your car), you should bring along at least two estimates from

different garages or repairers showing how much the repairs will cost.

Remember, a judge will be more willing to believe your story if you can bring in the evidence.

If you can't speak or understand English, you may bring an interpreter with you. This will help the judge understand you and your case better.

## SMALL CLAIMS COURT PROCEDURE

1. Court Officer will call the names of all the people who are scheduled for a hearing that morning.
2. Plaintiff tells the judge what happened and produces evidence to verify his or her story.
3. Defendant can cross-examine and ask the plaintiff any questions.
4. Plaintiff can call witnesses (one at a time) who tell the judge what happened. Defendant can cross-examine the witnesses.
5. Defendant gives his or her side.
6. Plaintiff can cross-examine and ask the defendant any questions.
7. Defendant can call witnesses (one at a time) who tell the judge what happened. Plaintiff can cross-examine the witnesses.
8. Each party can present any additional material.
9. Judge gives his or her decision.

Source: Gotta Sue In Small Claims Court! Your Guide to the Small Claims Court. Published by the Hawai'i State Judiciary, 1978, pp. 4-18.

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# UNIT III: DECISION-MAKING

## Overview

Intelligent consumer decisions are based not only on information but also on values. A decision that is right for one person may be wrong for another. Consumers should identify, clarify and analyze their own values. Then with their values in mind, set goals and make plans to fit these values. Choices between immediate pleasure and future security must also be made by consumers. Such choices will be satisfying only if they are based on the consumers' own values.

Lesson I examines needs and wants. Needs are classified into the following categories: self-realization, self-esteem, affection, security and biological. Students will see that these needs are arranged in a hierarchy, and unless the basic needs at the bottom are satisfied to some degree, those needs further up the hierarchy cannot be satisfied.

Lesson II examines how people's values are acquired from family, friends, and those they admire, and how these values determine their goals and lifestyles. Students will realize that values differ among people, and therefore goals and lifestyles differ. They will see that recognizing their goals and then planning ahead help in reaching the goals.

Lesson III examines a method of rational decision-making that can be used in all areas of consumer activity. Students will see that in making decisions, a consumer should take into account not only one's resources and expenses, but also one's individual values and goals in order to obtain the most satisfaction from the purchase.

## INDEX TO STUDENT TEXTBOOKS: UNIT III

| Authors* | Needs and Wants | Values and Goals | Decision-Making |
|---|---|---|---|
| Jelley and Herrmann | 14-16 | 16-19 | 23-31 |
| Morton and Rezny | | 15-24 | 2-14 |
| Saalbach | C3-C13 | | |

* Complete bibliographical information at the end of the unit.

## UNIT III: DECISION-MAKING

### Concepts

1. Decision-making
2. Needs and Wants
3. Values
4. Goals

### Generalizations

1. The five categories of basic needs are hierarchical and can be classified into self-realization needs, self-esteem needs, affection needs, security needs, and biological needs.
2. Personal values are learned from parents, family, friends, teachers, religious leaders, and are influenced by the mass media.
3. Personal values and place in the life cycle affect one's goals.
4. Clearly defined personal values and goals play an important part in making sound consumer decisions.
5. Many individuals are unable to reach their goals because of conflicting values or insufficient resources.
6. The steps in the decision-making process are: identifying a goal, identifying the alternatives, gathering information, evaluating the alternatives, making a choice, and carrying out the decision.
7. Decisions made by habit involve little deliberation, and many of the steps in the decision-making process are skipped.

### Objectives

1. Identify the following basic needs and arrange in priority: food, clothing, shelter, companionship and accomplishment.
2. Classify and categorize a list of items as needs or wants.
3. Identify the various things that influence people's values.
4. Explain the relationship between values and goals.

5. Identify their own values and goals.

6. Identify the steps of the decision-making process and apply the decision-making method to a hypothetical or actual consumer situation.

7. Explain how limited resources and unlimited wants make consumer decisions necessary.

8. Describe how values influence decisions.

# LESSON I: NEEDS AND WANTS

"I need a stereo!" What are needs? What are wants? How do you determine if something is a need or a want?

## Concepts

1. Needs
2. Wants

## Generalizations

1. The five categories of basic needs can be classified into self-realization needs, self-esteem needs, affection needs, security needs, and biological needs.
2. The list of basic needs are in a hierarchy; the needs at the bottom are the most pressing and must be satisfied to some minimum degree before those needs further up become important.

## Objectives

1. Identify the following basic needs and arrange in priority: food, clothing, shelter, companionship and accomplishment.
2. Classify a list of items as needs or wants.

## Vocabulary Words to Know

1. Needs: Things considered essential to human existence or fulfillment.
2. Wants: Things which are desired by individuals but are not essential to human existence or fulfillment.

   According to A.H. Maslow (Motivation and Personality, New York, Harper & Row, 1954), all human behavior is motivated by certain basic needs. The following is Maslow's list in the priority order he established.

3. Biological need: The need for food, clothing, and shelter.
4. Security need: The need for safety and protection.

5. Affection need: The need for love and belongingness.

6. Self-esteem need: The need for self-respect and pride.

7. Self-realization need: The need to become all that one is capable of becoming (self-actualization).

## Initiating Activity

Introduce students to this lesson by having them suggest their own needs. List all their suggestions on the chalk board. Do not stop to evaluate their suggestions. After students are satisfied that all their needs are listed, have them analyze each item and determine whether it is a need or a want. Then ask students to define needs and wants.

## Developmental Activities

1. Needs

   a. Cut and mount a large number (about 50) of pictures which reflect the different needs of people. Number each picture and hang them around the room. Have students work singly or in pairs to list picture numbers and descriptions of the items, then arrange the items in priority order for themselves. Selections can then be discussed by the class. Students will see the variety of needs and wants among the class members. Discuss similarities and differences of students' needs and wants.

   b. Arrange Maslow's priorities in scrambled form on the chalk board. Ask students to arrange them in priority order. Have them discuss their priority lists.

   Maslow's priorities:

   1) The need for food, clothing, and shelter.
   2) The need for safety and security.
   3) The need for love and belongingness.
   4) The need for self-respect and esteem.
   5) The need to become all that one is capable of becoming (self-actualization).

   Students may read in Jelley and Herrmann, The American Consumer, pp. 14-16 about Maslow's hierarchy of needs or inform students of Maslow's hierarchy. Then have students check the priority order of their lists and see if they match Maslow's.

   c. Have students match advertising slogans and Maslow's hierarchy of needs. See "Unit III: Appendix A" at the end of this unit for the student activity sheet. Have students share their experiences of the methods and activities used by salespersons to sell goods and services and discuss how these sales promotions relate to their needs.

d. Ask students as a group to make a list of needs in the society which surrounds them (decide whether it will be the neighborhood, city, state, nation, or world). Then have students as individuals reorganize the list in order of personal priority. Discuss the differences in priorities among individuals.

2. Needs and Wants

   a. Students may read about consumer needs and wants in Saalbach, Learning to Be a Better Buyer, pp. C3-C13.

      Students may discuss the differences between needs and wants and how the marketplace influences their wants. The following may be included in the discussion.

      1) What influences what you want and what you buy?

      2) What is the latest fad which all teenagers "must have?" What influences them to purchase?

      3) Have you bought anything and then later regretted buying it? What influenced you to purchase it?

      4) What questions should we consider before purchasing?

   b. Discuss how a want for one person may be a need for another. Have students suggest examples. Then have students identify their needs as students.

3. Personal Inventory

   Have students take stock of themselves and their goods. See the activity sheet in "Unit III: Appendix B" at the end of this unit.

Culminating Activity

Have students list their own needs and rank them in priority order. Ask students to explain the priority of their needs.

# LESSON II: VALUES AND GOALS

You have some goals in life. Have you chosen your own goals, or are you using someone else's? How can you sort out your goals and decide what is most important to you?

## Concepts

1. Values
2. Goals

## Generalizations

1. Personal values are learned from parents, family, friends, teachers, religious leaders, other influential people and are influenced by the mass media.
2. Personal values and place in the life cycle affect one's goals.
3. Many individuals are unable to reach their goals because of conflicting values or insufficient resources.

## Objectives

1. Identify the various things that influence people's values (family, friends, teachers, television).
2. Define values and goals.
3. Explain the relationship between values and goals.
4. Identify their own values and goals.

## Vocabulary Words to Know

1. Goals: The objectives toward which one's efforts are directed.
2. Long-term goals: Desired objectives that cannot be reached in the near future.
3. Short-term goals: Desired objectives that can be reached in the near future.

4. Values: Ideas and principles which an individual, group, or society consider correct, desirable, or important.

## Initiating Activity

Divide the class into two or more groups of students. Give each group a jar or coffee can filled with slips of paper on which are written value generators. Value generators are sentence fragments used to stimulate students to express their first-reaction feelings about life situations. Using value generators give students practice in choosing a course of action and may help them sort out their own values. Students will begin to see that although people share many values, not everyone thinks alike.

Have each group pass around its can of value generators. Each student then draws a slip of paper and orally completes the sentence written on it.

As with all activities in the sensitive area of feelings, students should not be required to participate. Anyone may pass. The teacher should participate as part of a group, not in the lead position. Since there are no right or wrong answers, do not comment on students' statements.

Following are some value generators. Develop additional generators specific to the age and interests of your students.

a. If I saw a friend stealing in my father's store, I would __________.

b. If I saw a murder being committed, I would _______________.

c. I would return a product if _______________.

d. I would be influenced to buy a certain product if ______________.

e. The one thing I want to own by the time I'm 30 is ________________.

f. The job that most appeals to me is _______________.

Discuss some of the students' answers and values. Discuss and define values.

## Developmental Activities

1. Values

   a. Prepare a packet of cards with a value on each. You may wish to make a spirit master so that you can make duplicate sets of these cards. Ask students to arrange the cards in order of importance to them and make note of their lists. Have students arrange them again in the order they think the majority of students will arrange them and record the second list. The objective of the activity is to demonstrate that each person has values that may or may not be like the values of their friends. The following are some values which may be included on the cards:

security
leadership
health
beauty
power
religion
helping others
creativity
comfort
free time
happiness
adventure
freedom
honesty
physical activity
friendship

Discuss what students have learned about values.

b. Have students take a survey of students at school: What is important to you? Have students list three of the most important things they value.

   Have small groups of students compile the data. Discuss: What do the data tell us about students' values?

c. Have students read about different kinds of values in Jelley and Herrmann, The American Consumer, pp. 16-19.

   The following questions can serve as discussion guidelines.

   1) What are the different kinds of values?

   2) What is the relationship between values and goals?

   3) How do our values guide us in our decision-making?

   4) Have you experienced conflicts between values?

2. Goals

   a. Ask students to name some of their goals. List them on the chalk board. Have students define goals and determine whether the goals listed are short-term or long-term goals.

      Have each student identify his/her short-term and long-term goals.

      Next to the goals, have students identify their values.

      Have students list two or three of the long-term goals they had at ages ten, twelve, and fourteen. Then have them compare these goals with the ones they listed for the present time. Discuss why the goals may have changed.

   b. Ask students to bring ten magazine or newspaper advertisements to class (or create their own) that show ways of spending $100. Ask students to rank these from one (most useful) to ten (least useful) according to how the items would help them reach their goals.

c. Have students list some of the decisions they made in the past week. Next to each one, have them indicate whether the decision was influenced by a long-term goal, a short-term goal, or neither. Also ask if those decisions that do not meet any of their goals were influenced by others.

d. For additional information and exercises, see Morton and Rezny, Consumer Action, pp. 15-24.

3. Values and Goals

Show the following filmstrips from The Butterick Consumer Education Series:

Program Two: The Planning Process

Filmstrip 1: "Planning Ahead"
Filmstrip 2: "Setting Priorities"

"Planning Ahead" shows how values influence goals and that consumer choices are made in accordance with one's values, goals, and lifestyles.

"Setting Priorities" shows why needs, wants and values should be examined before purchasing.

The Teacher's Guide includes introductory activities, discussion questions, and enrichment activities.

Students may complete the following activity sheets from the "Planning Ahead" filmstrip.

1. Take a Look at You
4. What Are Goals?
5. Short- and Long-Term Goals

"Take a Look at You" asks students to check the values that are important to them from a list of 20 generally accepted values, such as happy family living, material wealth, and physical health. Students are then asked to choose five values and to list them in priority.

"What Are Goals?" asks students to categorize each item on a list as a value or a goal.

"Short- and Long-Term Goals" ask students to differentiate between short-term and long-term goals from a given list. Students are also asked to list three of their own short- and long-term goals.

## Culminating Activity

In small groups, have students create a hypothetical family and describe the goals and values of the family. Then have the groups role-play a situation which illustrates these goals and values. Have the rest of the class identify the goals and values that are depicted in the role-play.

## LESSON III: DECISION-MAKING

What goes into a decision? How do you decide what you really want?

### Concept

Decision-making

### Generalizations

1. Clearly defined personal values and goals play an important part in making sound consumer decisions.
2. The steps in the decision-making process are: identifying a goal, identifying the alternatives, gathering information, evaluating the alternatives, making a choice, and carrying out the decision.
3. Decisions made by habit involve little deliberation, and many of the steps in the decision-making process are skipped.

### Objectives

1. Identify the steps of the decision-making process and apply the decision-making method to a hypothetical or actual consumer situation.
2. Explain how limited resources and unlimited wants make consumer decisions necessary.
3. Describe how people's values influence their decisions.
4. Explain the importance of weighing the benefits of each alternative against the opportunity costs before making a decision.

### Vocabulary Words to Know

1. Consumer: A person who buys goods and services.
2. Decision-making: The act or process of choosing among two or more wants. The process may involve facing a problem, getting information, thinking about the consequences and one's own values, and reaching and acting upon a decision.
3. Goods: Material objects that can be bought and sold in the marketplace.

4. Producer: A person or business that provides goods and services for consumers.

5. Resources: Things that can be used to reach a goal. For consumers, or buyers, the essential resource is money, though knowledge and skills are also resources. For the producers, the essential resources are land, labor, capital and management.

6. Services: Nonmaterial things, including a person's labor, that can be bought and sold in the marketplace.

## Initiating Activities

Introduce students to this lesson by having students list three purchases made within the week. Discuss how they decided to make the purchases. The following can be used as discussion guidelines:

a. Were your purchases based on need? on the amount of money you had to spend?

b. Were you influenced by other considerations? by friends, fads, ads, etc?

c. How did you decide to purchase that particular item from that particular store?

## Developmental Activities

1. Decision-making Process

   a. Give students a hypothetical situation like the following: Randall is a freshman at the University of Hawai'i and had just completed registering for his first semester courses. He is now eligible to work on campus. His parents have been encouraging him to find a job. Randall, however, would prefer not working, especially during his first semester at the University. What should Randall do?

      Discuss the following:

      1) Is there a problem?

      2) Are there any values involved?

      3) What are the possible solutions?

      4) What are the trade-offs or opportunity costs for each solution?

      5) What should Randall do? What does your answer tell you about your values?

Or have students suggest a decision-making process which Randall should consider.

Students may refer to the following for information on decision-making.

"The Decision-Making Process," See "Unit III: Appendix C" at the end of this unit.

Jelley and Herrmann, The American Consumer, pp. 23-31.

Morton and Rezny, Consumer Action, pp. 2-14.

b. Have students do the following activity sheets from The Butterick Consumer Education Series, Program Two, Filmstrip 1: "Planning Ahead."

6. Making Choices
11. Decisions, Decisions

Show the following filmstrip from The Butterick Consumer Education Series if it was not shown in the previous lesson.

Program II: The Planning Process

Filmstrip 2: "Setting Priorities"

See the Teacher's Guide for initiating and enrichment activities and discussion questions.

2. Trade-Offs

a. Before assigning the following activity be sure your students understand the concept of economic trade-offs (also called opportunity costs). Remind students that every time we want something, we have to give up something else. When we choose to buy a product, we choose not to buy another. We cannot have everything since natural resources and money are limited.

Have students give values to selected popular items (on a 1-10 scale): stereo (one top price and one lower price), 10 speed bike, tennis racket, rock concert ticket, new clothes, etc.

Ask students to discuss how the points they assign to the scale are based on their current lifestyle, income, needs and wants.

b. Have students prepare a short poll for use in interviewing friends and family. Have them ask friends the name of the last product they purchased and what they could have bought instead. Allow time for a follow-up discussion on the trade offs which people made.

Discuss: What do their decisions tell about their values?

## Culminating Activity

Have students complete the decision-making process activity sheet. See "Unit III: Appendix C" at the end of this unit.

Have a class discussion on the desirability of using a decision-making process.

## UNIT III: APPENDIX A

## NEEDS

Individuals' basic needs influence their choices as consumers. These basic needs include biological needs, security needs, affection needs, self-esteem needs, and self-realization needs. Read the advertising claims and slogans in the left-hand column of the form below and select the need that is appealed to by each advertiser. Then place a check mark in the appropriate column at the right.

| | Biological Needs | Security Needs | Affection Needs | Self-Esteem Needs | Self-Realization Needs |
|---|---|---|---|---|---|
| You'll know you've arrived when you're in the seat of this car. | | | | | |
| Try this cool, satisfying un-cola. | | | | | |
| Develop your ability to work with people. | | | | | |
| Build a new image with one of our suits. | | | | | |
| Take care of your future by investing with us. | | | | | |
| Protect your family with a fire alarm system. | | | | | |
| Explore the mysteries of the Kangwu Caverns. | | | | | |
| Express your love with a gift from the Diamond Place. | | | | | |

## UNIT III: APPENDIX B

## A PERSONAL INVENTORY

Do you find that owning things is a large part of your life? Take stock of yourself as a consumer. Are you in control of the things you own, the money you spend, the things you want to buy? Or do your possessions tell the world who you are?

EXERCISE I: Fill in the blank spaces on the chart below with a list of things you own.

What I Own:

Clothing, Jewelry

____________________ ____________________ ____________________
____________________ ____________________ ____________________
____________________ ____________________ ____________________
____________________ ____________________ ____________________
____________________ ____________________ ____________________

Entertainment (Stereo, Electronic Games, etc.)

____________________ ____________________ ____________________
____________________ ____________________ ____________________
____________________ ____________________ ____________________
____________________ ____________________ ____________________

Furnishings

____________________ ____________________ ____________________
____________________ ____________________ ____________________
____________________ ____________________ ____________________

Sports, Recreation

____________________ ____________________ ____________________
____________________ ____________________ ____________________
____________________ ____________________ ____________________
____________________ ____________________ ____________________

Transportation

Miscellaneous

Now take another look at the situation. Mark, with the appropriate alphabet, any item on your list that falls into one (or more) of the following slots:

a. I bought it on impulse.

b. I wanted it more before I owned it.

c. I got it because it was what everybody was getting that year.

d. I own it, but don't use it.

What do you notice about your possessions? Would your not having these possessions make a difference in your life? in the way you view yourself? in your own sense of personal worth? If so, what makes them so important to you?

EXERCISE II: Think of the options. Pick five of your possessions -- the ones you think you need most -- and imagine what you would do to adapt if you no longer owned them.

## UNIT III: APPENDIX C

## DECISION-MAKING PROCESS

Consumers generally make better decisions when they have taken all the steps in the decision-making process. These steps are listed in the left-hand column of the form below.

Recall an important consumer decision that you made recently. Then list in the center column the things that you considered at each step of your decision. If you skipped a step, leave the center column blank. Finally, list in the right-hand column the things that should be considered by a consumer trying to make the best possible decision about this kind of problem.

| | Factors That Entered Into My Decision | Factors That Should Be Considered in Reaching the Best Possible Decision |
|---|---|---|
| Identify Your Problem | | |
| Identify Your Goal | | |
| Identify the Alternatives (Think about consequences) | | |
| Gather Information | | |
| Evaluate the Alternatives (Think about your values) | | |
| Reach a decision | | |
| Act on the decision | | |

## BIBLIOGRAPHY OF STUDENT TEXTBOOKS: UNIT III

Jelley, Herbert M. and Robert O. Herrmann. The American Consumer: Issues and Decisions, Second Edition. New York: McGraw-Hill Book Company, 1973.

Morton, John S. and Ronald R. Rezny. Consumer Action. Boston: Houghton Mifflin Company, 1978.

Saalbach, William F. The Consumer and the American Economy Series, Learning to Be a Better Buyer. River Forest, Illinois: Laidlaw Brothers, 1974.

# UNIT IV: MONEY MANAGEMENT

## Overview

Many consumers are concerned with money problems. A financial plan is essential to the consumer who is constantly striving to stretch the dollars to make them cover expanding expenses. The specific plan consumers choose for managing their money is highly personal and individualistic because it includes all of the goals consumers have set for themselves.

Lesson 1 focuses on obtaining resources. For most people this means working in order to make the money to be consumers. But a job is more than just a way of making money. A job can be a source of joy or despair. This lesson also discusses the education and training students will need for the occupation of their choice.

Lesson II deals with the skills of budgeting. A budget is a financial plan for reaching goals. Budgets are most useful when simple and tailored to an individual's particular needs. For this reason, students are encouraged to develop their own budget formats. Of course, a budget that a student finds useful now is unlikely to be effective later in life. Thus, a budget has to be revised as conditions and lifestyles change.

Lesson III provides information on how to get the most value for the dollar. Buymanship tools include well planned shopping lists, comparison shopping, and the ability to evaluate sellers and merchandise. Students will learn how to use these tools to purchase products of their choice.

## INDEX TO STUDENT TEXTBOOKS: UNIT IV

| Authors* | Occupation | Budget | Guidelines for Buying |
|---|---|---|---|
| Bittinger | | 54-59 | |
| Garman and Eckert | | 366-383 | |
| Jelley and Herrmann | | 31-51 | 54-70 |
| Linder | 118-119,<br>147-152 | | 93-101 |
| Morton and Rezny | 73-77 | 25-38 | |
| Plunkett | 43-44, 48-55 | 63-75 | 128-149 |
| Saalbach | | B3-B25 | |

* Complete bibliographical information at the end of the unit.

## UNIT IV: MONEY MANAGEMENT

### Concepts

1. Money management
2. Occupation
3. Financial planning
4. Buymanship

### Generalizations

1. One's values affect money management decisions, choices, and effectiveness.
2. One's attitudes, interests, and values affect job selection.
3. An overall buying plan for meeting short and long range needs can serve as a reliable guide for making well-timed purchasing decisions.
4. Buymanship tools include well-planned shopping lists, comparison shopping, and the ability to evaluate sellers and merchandise.
5. The frequent use of available consumer aids and information is essential for making appropriate consumer choices and decisions.
6. Factors to consider in setting up and following a workable personal family budget include immediate, intermediate, and long-range goals; accurate estimate of income and of fixed and flexible expenses; mechanics of paying bills, keeping records, and controlling spending.
7. A practical, well tailored budget is an effective tool in reaching important goals, controlling spending, and making the most of income.
8. Some jobs require little or no training while others require specific kinds of training and/or education.

### Objectives

1. Explain why it is important to know yourself well before seeking employment and identify ways to do so.
2. Fill in correctly a job application form.
3. Describe sources of job information available to high school students.
4. Explain several steps a person can take to prepare for and conduct an effective job interview.

5. Explain how a person's values and goals affect the ways he or she manages money.

6. Set short-term, intermediate, and long-term financial goals for themselves.

7. Identify and explain the steps used in preparing a budget.

8. Develop a money management program tailored to personal needs and income.

9. Distinguish between quality and reliability and explain how to find out about each.

10. Identify and briefly explain three or more types of retail sales.

11. Name different kinds of retail stores selling new goods and various sources of used goods.

12. Describe the steps that should be used in planning ahead for purchases.

13. List some alternatives to buying and spending, such as barter, exchange, rentals, and "make-do."

# LESSON I: OCCUPATION

How do you decide what you want in a job?
How can you get the job you want?

## Concept

Job Selection

## Generalizations

1. One's abilities, attitudes, interests, and values affect job selection.
2. Some jobs require little or no training, while others require specific kinds of training and/or education.

## Objectives

1. Explain why it is important to know yourself well before seeking employment and identify ways to do so.
2. Fill in correctly a job application form.
3. Describe sources of job information available to high school students.
4. Explain several steps a person can take to prepare for and conduct an effective job interview.

## Vocabulary Words to Know

1. Occupation: The main activity by which a person earns his or her living.
2. Salary: Earnings paid to an employee, usually by the week or month.
3. Wage: Earnings paid to a worker or laborer by the hour or day.
4. Fringe benefits: Compensation in addition to salary, such as sick pay, paid vacations, or life insurance.
5. Deduction: Money subtracted from a person's gross earnings by an employer for such items as federal, state and local taxes, Social Security tax (FICA), insurance premiums, and union dues.
6. Job interview: A face-to-face discussion about the qualifications of a job applicant for a position an employer is seeking to fill.

7. Reference: A person who can tell an employer about your ability and character.

8. Resumè: A written summary of a job applicant's education, work history, and personal experiences prepared for a possible employer.

## Initiating Activity

Introduce students to this lesson by asking them to respond to the following:

"What do you plan to do for a living?" Encourage them to list anything that comes to their minds, even if it seems silly or impossible. Inform them that the lists will be kept private and only the teacher will read them, so they don't have to be afraid of being laughed at. Students who don't mind sharing their plans with the class may so state at the bottom of their papers. By looking over the lists, the teacher will have an idea of where the class as a whole stands and can get to know each student a little better.

Read the papers of students who are willing to share their plans and have the rest of the class guess the identities of the students.

## Developmental Activities

1. Your Interests Count

Have students look through the "Help Wanted" sections of the newspapers and cut out jobs that interest them and jobs that do not interest them and tape them in two columns onto a sheet of paper.

Have students analyze why they are or are not interested in the jobs.

Discuss the importance of knowing one's interests before selecting a career. The following can be used as discussion guidelines:

a. Why is it important to get a job that you enjoy?

b. Why do you suppose some people like their jobs while others hate them?

c. What are some of the things you need to consider before you decide on a career?

d. How can you find out what your interests and aptitudes are?

The following can be used as sources of information:

Linder, Economics for Young Adults, pp. 118-119; 147-149.

Morton and Rezny, Consumer Action, pp. 73-77.

Plunkett, The Consumer in America, pp. 43-44.

2. Education and Careers

Select several ads from the "Help Wanted" section of the newspaper. The ads should reflect jobs which require different levels of educational preparation. Have students decide which jobs would probably pay more than others. Discuss why some jobs would pay more than others even though the workers all work hard at their jobs. Discuss the educational preparation required for the jobs.

Discuss: Do you suppose the jobs of the future will require more, less, or different kinds of education?

3. Learning About Different Jobs

a. Mount on a bulletin board pictures which illustrate different lifestyles. Discuss with students the relationship between occupation and lifestyle.

Have students select two or three jobs they are interested in.

If possible, have the class meet at the library where they would have access to occupational handbooks. Have the students look up information that they consider important about their selected jobs. The information should include:

1) salary;
2) working conditions;
3) skills or training needed;
4) advancement opportunities;
5) projected job openings;
6) job security;
7) benefits;
8) job satisfactions;

Have students describe or make a montage which illustrates their future lifestyle.

b. Have students interview people who presently hold positions that they are interested in to obtain additional information or to compare with what they found in written sources.

c. Work through a sample interpretation of the classified ad pages. Have students bring in ads that interest them from the classified ad section of the newspapers. Let them interpret the ads and check to see if the ads answer such basic questions as:

1) Who is the employer and what is the address?
2) What is the exact position being advertised?
3) Who do I contact to make an appointment or to find out more about the job?
4) What are the qualifications for the job?
5) What is the salary?

4. Getting a Job

a. Have students select and apply for a particular job that they now qualify for, and have them fill out a sample job application form.

See Plunkett, The Consumer in America, pp. 48-52, for information about writing a resume and a letter of application.

B. Have students role-play a job interview. Start with a phone call to the hypothetical employer and continue on to the interview session. Have one student act as the interviewer, one the interviewee, and two as observers. Rotate positions until each student has gone through the interview. Conclude with the students giving feedback to one another.

For information about job interviews, students may read the following:

Linder, Economics for Young Adults, pp. 149-152.

Plunkett, The Consumer in America, pp. 52-55.

## Culminating Activity

Have small groups of students role-play job interviews. Have the rest of the class determine whether or not the applicants would be hired. Have students give reasons for their answers.

The majority of the groups should be instructed to plan their skits so that the applicants would probably not be hired.

# LESSON II: BUDGET

> Money won't buy happiness. But money can help you reach some of your goals if you use it wisely. Do you? Do you know how to plan your spending so it will do you the most good?

## Concepts

1. Budget
2. Income
3. Expense

## Generalizations

1. One's values and goals affect money management decisions, choices, and effectiveness.
2. A practical, well tailored budget is an effective tool in reaching important goals, controlling spending, and making the most of income.
3. Factors to consider in setting up and following a workable personal or family budget include immediate, intermediate, and long-range goals; accurate estimate of income and of fixed and flexible expenses; and mechanics of paying bills, keeping records, and controlling spending.

## Objectives

1. Explain how a person's values and goals affect the ways he or she manages money.
2. Set short-term, intermediate, and long-term financial goals.
3. Identify and explain the steps used in preparing a budget.
4. Develop a money management program tailored to personal needs and income.

## Vocabulary Words to Know

1. Budget: An itemized plan of expected income and expenses for a given period of time.

2. Income: Total earnings for a given time from salary, interest, dividends, rent, and other sources.

3. Expense: Money spent during a given time period for a specific purpose.

4. Fixed expense: A cost that remains almost the same each budget period, such as rent and insurance premiums.

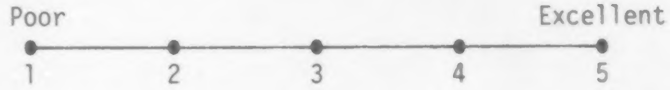
5. Flexible expense: A cost that varies each budget period, such as entertainment, clothing, and gifts.

6. Gross income: A person's total income before taxes and other deductions.

7. Disposable income: Income minus taxes and other deductions which a person has available for spending or saving; also called net income or take home pay.

## Initiating Activity

Introduce students to this lesson by having them rate themselves as money managers. Ask students to determine their place on the following line:



Then have students complete the survey "Who Are You?" See "Unit IV: Appendix A" at the end of this unit. Have students check the scoring guide to see what their answers tell about them as money managers.

Students may share what they learned about themselves.

## Developmental Activities

1. Personal Budget

   a. Have students keep an accurate record of all the money they receive in one month (or two or three weeks if one month is too long for your students), including both earnings from part-time jobs and any allowance or gifts they may receive, and record in a notebook every cent that they spend during the same month. At the end of the month have students analyze their records and classify their expenditures in these categories: food, such as school lunches and snacks, school supplies, entertainment and recreation, savings, and miscellaneous.

      Have students prepare a personal budget for the following month using the data collected as a basis for determining their allocations to the budget categories. Students may use notebooks for keeping records for their income and expenses; reserve one page for income and enter their anticipated income at the top. Ask students to use a separate page for each type of expense and indicate at the top the amount they have allocated in their budgets. Caution students to record the actual income and expenses on the appropriate pages. At the end of the second month have students analyze the entries they have made and answer the following questions.

1) Were you able to live within your income?
2) Did your budget seem too rigid? too flexible?
3) Will you need to revise your budget in order to follow it in the future? If so, in what way?

b. Have students develop a personal money management plan. Use the form in "Unit IV: Appendix B" which includes a week's record of spending, planning, fixed and flexible expenses, expected income, and goals for spending. Ask students to try the plan and make the necessary changes or adjustments.

c. Invite someone from a financial institution to talk to the class about budgeting. Prepare a list of questions asking how the financial institution helps people manage their money.

2. Life Cycle and Money Management

a. Consider and discuss important differences you are likely to come across in managing money now, at college, on the job, as a single adult or married couple, and as a family. Concentrate on the ways that goals, values, expenses, and resources change at different stages of the life cycle and with different lifestyles.

b. Have students develop a class skit about a family's money management problems. Ask four students to assume the roles of father, mother, and two teenagers. Divide the skit into three acts: (1) a family argument prior to deciding to budget, (2) the family council during which the group agrees upon a budget, (3) a family discussion after budgeting is underway.

c. Have students do the following:

Choose a college or vocational school they might want to attend after they graduate from high school. Ask a librarian for a recent issue of the school's catalog; from it find the cost of a year's tuition, fees, room, board, books, and supplies. If possible, interview a student currently attending the school and ask the student what she or he is spending a year for clothing, entertainment, transportation, and any other items she or he believes are essential. If you do not know anyone enrolled at the school of your choice, estimate these items. Then prepare a budget for your first year in college. Indicate how much of your budget you would be able to finance from:

1) personal savings;
2) relatives;
3) scholarships;
4) loans;
5) part-time work.

Will you be able to balance your budget for a year of advanced education? Why or why not?

3. Show the filmstrip from The Butterick Consumer Education Series:

    Program Two: The Planning Process

        Filmstrip 3: Managing Your Money

    The Teacher's Guide includes initiating and enrichment activities and discussion questions.

4. Students may see the following for information about planning a budget:

    Bittinger, The Consumer Survival Book, pp. 54-59.

    Garman and Eckert, The Consumer's World, pp. 366-383.

    Jelley and Herrmann, The American Consumer, pp. 33-51.

    Morton and Rezny, Consumer Action, pp. 25-38.

    Plunkett, The Consumer in America, pp. 63-75.

    Saalbach, Managing Your Money and Credit, pp. B3-B25.

## Culminating Activity

Make a bulletin board of forms and documents related to money management. Include budgets, money management forms, bills, receipts, checks, tax forms, bank statements and expense records.

Have students make statements which link the forms with money management. Then have students summarize what they have learned.

## LESSON III: GUIDELINES FOR BUYING

What do you need to know to become a wise consumer? What is comparison shopping? How can you get the most for your money?

### Concept

Buymanship

### Generalizations

1. An overall buying plan for meeting short and long range goals can serve as a reliable guide for making well-timed purchasing decisions.
2. The frequent use of available consumer aids and information is essential for making appropriate consumer choices and decisions.
3. Buymanship tools include well-planned shopping lists, comparison shopping, and the ability to evaluate seller and merchandise.

### Objectives

1. Distinguish between quality and reliability and explain how to find out about each.
2. Identify and briefly explain three or more types of retail sales.
3. Name different kinds of retail stores selling new goods and various sources of used goods.
4. Describe the steps that should be used in planning ahead for purchases.
5. List some alternatives to buying and spending, such as barter, exchange, rentals, and "make-do."

### Vocabulary Words to Know

1. Quality: A measure of how well the good or service lasts, performs, wears, or does what you buy it to do.
2. Reliable: Deserving of trust.
3. Comparison shop: To check retailers by phone, in person, or through their

advertisements to compare prices, selection, quality, and customer services before deciding where to buy.

4. Special sales: Specials are items advertised at a lower price than the store's usual price.

5. Clearances or closeouts: Sales which usually feature discontinued models or items that have not been selling well.

6. Seasonal sales: Sales held at the end of a buying season. For example, in late summer stores will sell summer goods or merchandise at bargain prices.

7. Traditional sales: Sales to celebrate yearly events, such as the store's anniversary, the beginning of a new season, or a national holiday.

8. Retail stores: Stores that sell new goods and services directly to customers.

9. Department stores: Stores which are generally large and offer a wide variety of goods at different prices. Most offer many customer services, such as charge accounts and allow consumers to return goods.

10. Specialty stores: Stores which offer a broad selection of one kind of merchandise.

11. Discount stores: Stores with a wide choice of goods at the lowest prices. They offer few customer services, have few sales people to help and may not allow any returns.

12. Factory outlets: Stores selling clothing, furniture, carpets, and other goods at reduced prices. Most of the goods are discontinued items, old models, or goods that are flawed or damaged in some way.

13. Manufacturer: Maker of goods and articles by hand, or by machinery.

14. Wholesaler: A company that sells products in large quantities to stores.

15. Retail price: The price at which a retailer usually sells goods or services to consumers.

16. Wholesale price: The price at which a manufacturer or wholesaler sells goods to a retail store.

17. Secondhand stores or thrift shops: Retail outlets, frequently run by a nonprofit group, which receive donations of items from people who no longer want those items.

18. Garage sales, church bazaars, swap meets: A popular way for people to sell their unwanted things.

19. Classified ads: Ads listing things that people want to sell or buy.

## Initiating Activities

Introduce students to this lesson by discussing the seasonal sales consumers can anticipate in the community. Have students develop a calendar of sales events that are scheduled each year (for example, George Washington's birthday sales). Discuss what items are typically offered at these times and savings the sales usually provide. The chamber of commerce, merchants association, and individual merchants may be checked to obtain information.

Discuss: Do consumers save money by buying at sales?

## Developmental Activities

1. Sales Terms

   a. Have students bring advertisements about sales and discuss the meanings of the terms used. Then have students do the activity "Test Your Sales Awareness." See "Unit IV: Appendix C" at the end of this unit.

   Answers to the activity:

   X 1. Since the merchandise is new, it cannot be considered a sale.

   X 2. Regular price refers to what the record sold previously, which was $13.

   X 3. Liquidation means that the store is going out of business. Advertisement #4 indicates it's still in business.

   X 4. A "clearance" item has to have a lowered price.

   b. Have students create a display of the different terms used to indicate sales and have the class analyze the ads for proper use of the terms.

   c. Ask students to develop a matching quiz or other word game to test understanding of the sale terms. Have them find ads and examples of each type of sale or sale merchandise.

2. A Bargain?

   a. Have students select an item that's advertised as "on sale" at a particular store and compare that sale price to the price for the same item at other stores. Discuss the importance of comparison shopping as a consumer buying technique. Suggest other ways consumers can avoid being taken in by misleading sale ads.

   b. Have students do the following:

   Select at least five food products that are being promoted as "cents-off" specials at the store in the community. Check the prices of the items in a supermarket or discount store. Figure the actual amount the consumers pay when they use a cents-off coupon.

Also ask the store manager for the regular price of each item before it was advertised "cents-off" special. Record the information gathered in a table using the headings shown below. After completion of the table, write a paragraph indicating whether or not "cents-off" promotions represent real savings to consumers.

| Name of Product | Price Before Special Was Announced | Shelf Price | Number of Cents Off | Actual Price |
|---|---|---|---|---|
| | | | | |

3. Arrangement of Merchandise

Have students visit a supermarket and draw a rough floor plan showing the layout of the store. On the plan indicate what types of items are placed to the right of the entrance, in the aisles, at the back of the store, and near the cash registers. Also note on the plan where loss leaders or "specials" are displayed. Then write a short report which explains why the supermarket manager probably located the items in those places.

4. Buying Guidelines

a. Show the following filmstrips from The Butterick Consumer Education Series.

Program Three: The Buying Process

Filmstrip 2: "Comparison Shopping"
Filmstrip 3: "Pressure to Buy"

The Teacher's Guide provides initiating activities, discussion questions and enrichment activities.

b. Students may see the following for information about buying guidelines.

Jelley and Herrmann, The American Consumer, pp. 54-70.

Linder, Economics for Young Adults, pp. 93-101.

Plunkett, The Consumer in America, pp. 128-149.

5. Alternatives to Buying

a. Have students draw up a list of items, special talents, and services they would be able and willing to exchange for items or services they want. Have a bulletin board display of students' want ads.

b. Research the cost and convenience, advantages and disadvantages of renting the following:

   1) a car;
   2) sporting equipment;
   3) camping gear;
   4) yard-care equipment;
   5) video recorders;
   6) furniture;

c. Develop guidelines to consider in deciding when it is smarter for consumers to rent and when it is smarter for them to buy the items in each category listed above.

## Culminating Activity

Have small groups of students create posters which illustrate wise buying.

# UNIT IV: APPENDIX A

## WHO ARE YOU?

To help you find out what kind of money manager you are, answer the questions below. Check yes or no for each question.

| | YES | NO |
|---|---|---|
| 1. Have you ever saved $50 or more for a specific goal within a year's time or less? | | |
| 2. If your grandmother gave you $75, would you spend it immediately? | | |
| 3. Do you think you could live better if you had some charge accounts? | | |
| 4. Do you believe in budgeting and planning out your expenses? | | |
| 5. Do you follow a budget? | | |
| 6. Would you agree to have money taken out of your paycheck for a savings program? | | |
| 7. Would you work to put yourself through college or a training school? | | |
| 8. Do you like the idea of "buy now, pay later" plans ? | | |
| 9. Would you rather buy a car on the installment plan than wait until you save the money? | | |
| 10. Do you think it's OK to buy major appliances on the installment plan? | | |
| 11. Is it important that you be "the first in your school" with the latest records, clothes, etc.? | | |
| 12. Do you find it hard to make choices about clothes? | | |
| 13. Do you often spend money you had intended to save? | | |
| 14. Do you see yourself as "conservative" when it comes to your clothes and looks? | | |
| 15. Are you often short of cash? | | |
| 16. Do you hate to borrow money from your friends? | | |
| 17. Do you often forget to pay back borrowed money? | | |
| 18. Would you mind asking your family to lend you money at some future time (say, once you left home)? | | |

| | YES | NO |
|---|---|---|
| 19. Is it hard for you to resist a big sale, even on something you don't really need? | | |
| 20. Do you wait for sales to buy records, clothes, etc.? | | |

SCORING GUIDE

1. If you answered YES to any of the following questions, make a checkmark beside them:

   1 ____ 4 ____ 5 ____ 6 ____ 12 ____ 14 ____ 16____ 20 ____

   YES to all eight of the questions means you are extremely careful in the way you handle money, and like to plan things far ahead.

   YES to at least five of the questions means you have some discipline in how you handle money.

2. If you answered YES to any of these questions, make a checkmark beside them:

   2 ____ 3 ____ 8 ____ 9 ____ 11 ____ 13 ____ 15 ____ 17 ____ 19 ____

   YES to all or most of these questions means you may need some help or advice. You have a hard time denying yourself anything.

3. Check if you answered YES to these questions:

   2 ____ 3 ____ 8 ____ 11 ____ 13 ____ 15 ____ 19____

   YES to all or most of these would suggest that you are often impulsive. Even if you intend to plan things out, the plans seem to go haywire.

4. Make a checkmark beside these questions if you answered YES:

   1 ____ 4 ____ 6 ____ 7 ____ 12 ____ 16 ____ 18____ 20 ____

   YES to all of these indicates somebody who is a good manager of money. You aren't scared off by having to make plans, and you strike a good balance between enjoying short-range goals, and making plans for the future.

Adapted from Current Consumer (November 1978), p. 24.

# UNIT IV: APPENDIX B

## PERSONAL MONEY MANAGEMENT PLAN

Knowing where your money goes is essential to managing your financial affairs, especially if your current spending is going to reflect your goals. In the space below, list your short-range and long-range goals (for example, advanced schooling, a new or used car, a new wardrobe, a trip, an apartment of your own, a new stereo, a new jacket).

Short-range Goals

____________ ____________

____________ ____________

Long-range Goals

____________ ____________

____________ ____________

Using the chart on the right, estimate your spending for a typical week (column I). Then keep a record of your actual spending for a week (column II). Do you find your actual spending exceeds your estimate and your income? Circle the flexible expenses in the list--that is, those areas in which you could trim your spending in order to "balance" your budget.

To increase savings to meet your goals, you'll need to cut expenses. Figure out how much you could reasonably save each week to meet your goals. In column III, list the amounts you could reasonably spend in each category and still balance your budget. Do your figures indicate that you'll have to increase your income if you are to meet your goals? If so, by how much?

*Income = Weekly Allowance and/or Earnings $ ________

Weekly Personal Spending

| Item | I<br>Est. | II<br>Actual | III<br>Goal |
|---|---|---|---|
| savings | | | |
| transportation | | | |
| school supplies | | | |
| grooming supplies | | | |
| lunches | | | |
| records & tapes | | | |
| entertainment | | | |
| payments | | | |
| sporting equipment | | | |
| fees | | | |
| clothes | | | |
| gifts | | | |
| magazines | | | |
| contributions | | | |
| other | | | |
| | | | |
| | | | |
| *Total<br>(should equal income) | $ | $ | $ |

## UNIT IV: APPENDIX C

## TEST YOUR SALES TERM AWARENESS

Put an X beside the situations in which sales terms are misused.

____ 1. The advertisement for Aloha Bargain Music Store says:

Just arrived! *Loko Chang's Greatest Hits*

Catalog Price $14.95
Our Price $13.00

Hurry! Hurry! Sale lasts one week only!

____ 2. One week later, Aloha Bargain Music Store's ad says:

On Sale -- *Loko Chang's Greatest Hits* --

Regular Price $14.95
Our Price $11.95

____ 3. One month later, Aloha Bargain advertises as follows:

Liquidation Sale! Everything Priced for Quick Sale!

A sample of our reduced prices -- *Loko Chang's Greatest Hits*, $11.00

One week only!

____ 4. The following week, this Aloha Bargain ad appears in the papers:

We've got to make room for new releases! Two-day clearance on

*Loko Chang's Greatest Hits* -- $13.00 -- The Lowest Price in Town

Adapted from Current Consumer (January 1982), p. 19.

# BIBLIOGRAPHY OF STUDENT TEXTBOOKS: UNIT IV

Bittinger, Marvin L. *The Consumer Survival Book: How to Fight Inflation*. Woodbury, New York: Barron's Educational Series, Inc., 1976.

Garman, E. Thomas and Sidney W. Eckert. *The Consumer's World: Economic Issues and Money Management, Second Edition*. New York: McGraw-Hill Book Company, 1979.

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Linder, Bertram L. *Economics for Young Adults, Revised Edition*. New York: Sadlier-Oxford, 1977.

Morton, John S. and Ronald R. Rezny. *Consumer Action*. Boston: Houghton Mifflin Company, 1978.

Plunkett, W. Richard. *The Consumer in America*. New York: Harcourt Brace Jovanovich, 1979.

Saalbach, William F. The Consumer and the American Economy Series, *Managing Your Money and Credit*. River Forest, Illinois: Laidlaw Brothers, 1974.

# UNIT V: CREDIT AND TAXES

## Overview

Young people may legally borrow money at age eighteen, a time when their need for money may be at its peak. Many young people realize that credit is a valuable consumer tool that can help them pay for major expenses, start a household, or obtain income for an expanding family. Unfortunately, many young people cannot distinguish between the wise use of credit and the misuse of credit. Often credit conditions seem so complex that they are not able to evaluate their own credit needs and go for the loan that's best for them.

Lesson I examines the basic concepts of credit. Students learn the answers to questions such as: What are the advantages and disadvantages of using credit? What are the different types of credit? Where can you borrow money? What should you do if your loan application is rejected? What rights and responsibilities do borrowers have?

Equipped with this basic information, students are ready for Lesson II and a comparison of credit costs. An explanation of the relationships among interest rates, loan repayment periods, and finance charges allows students to see what factors influence the costs of credit.

In Lesson III students examine the pitfalls of using credit. They should learn the credit traps to avoid. Some of the problem areas that are covered include: repossession, deficiency judgments, consolidation loans, low monthly payments, wage assignments, bankruptcy, easy credit and holder-in-due-course loans.

Lesson IV deals with taxes. The purpose and characteristics of various types of taxes are examined. Students will fill out Federal and State income tax forms.

# INDEX TO STUDENT TEXTBOOKS: UNIT V

| Authors* | Credit | Credit Costs | Credit Blues | Taxes |
|---|---|---|---|---|
| Bittinger | 65-66 | 50-64, 67-68 | 11 | |
| Garman and Eckert | 196-202,<br>218-222 | 202-209 | 216-218,<br>222-225 | 467-497 |
| Jelley and Herrmann | 390-396,<br>400-406,<br>408-415,<br>420-423 | 396-400 | 419 | 451 |
| Linder | 33-41 | 33 | 42-48 | 290-297 |
| Morton and Rezny | 141-143,<br>146-151 | 152, 156-161 | 162-175 | |
| Plunkett | 103-113,<br>120-121 | 113-115, 117<br>373 | 118-119 | 366 |
| Saalbach | B51-B53,<br>B56-B62,<br>B70-B73 | B62-B66,<br>B73-B77 | B86-B89 | |

*Complete bibliographical information at the end of the unit.

# UNIT V: CREDIT AND TAXES

## Concepts

1. Credit
2. Taxes

## Generalizations

1. The value of credit as a financial tool depends largely on the consumer's understanding of the costs and benefits of credit and making wise decisions based on this understanding.
2. One establishes a sound credit rating by demonstrating the ability and willingness to meet obligations and then by paying debts promptly according to the terms of credit agreements or contracts.
3. Credit costs or finance charges may be figured in different ways, depending on the type and source of credit.
4. The Truth-in-Lending Law requires creditors to state finance charges in both dollar cost and true annual interest rate.
5. The primary objective of the Fair Credit Reporting Act is to aid consumers in correcting any errors which may appear in their credit record kept by a credit bureau.
6. The wise use of consumer credit involves using the right type of credit terms, keeping obligations within the limits of one's ability to pay, and paying debts promptly.
7. Understanding the major types and sources of consumer credit is basic to the intelligent use of consumer credit.
8. The primary purpose of the various types of taxes is to raise revenue needed for government services and operations.
9. Individual taxpayers assume their responsibilities most effectively when they (1) make an effort to understand our tax system and its effect on individuals, business and the overall economy; (2) keep up with significant new developments in taxing by local, state, and federal government; (3) communicate their views on taxation to government representatives, and (4) vote for those representatives who support equitable and practical tax reform and legislation.
10. The taxpayers serve their own interests by learning how the tax laws apply to them personally and by mastering the mechanics of keeping tax records, filing returns, and paying taxes as required by law.

Objectives

1. Identify major advantages and disadvantages resulting from the use of credit.
2. Explain how consumers use the major kinds of credit available to them, retail credit and loan credit, and give sources for each.
3. Distinguish among charge accounts, bank credit cards, and installment credit -- who offers the credit, how consumers may use it, how they repay it, and what using credit costs them.
4. Describe the rights granted to credit users under each of the following acts: Truth-in-Lending Law, Fair Credit Reporting Act, Equal Credit Opportunity Act, and Fair Credit Billing Act.
5. Read a monthly statement and a credit agreement and explain what each of the items stand for.
6. Explain the importance of shopping for credit and formulate questions about credit costs and credit terms.
7. Identify which items in credit agreements (installment contract, loans) are required by the Truth-in-Lending Law and explain how this information makes comparison easier.
8. Explain how different annual percentage rates and different repayment periods affect the monthly payments and the total finance charges on loans.
9. Explain the importance of a credit rating and tell what kinds of information a credit rating is based on.
10. Describe effective and ineffective ways of dealing with credit problems.
11. Explain the purpose of taxation and identify the variety of services that the taxes provide.
12. Describe and explain the different types of taxes.
13. Describe the rights and responsibilities of taxpayers.

# LESSON I: CREDIT

Do credit cards and revolving credit give one unlimited purchasing power? How important is a credit rating? What are the advantages and disadvantages of using credit? What are the costs of credit?

## Concepts

1. Credit
2. Credit costs

## Generalizations

1. The value of credit as a financial tool depends largely on the consumer's understanding of the costs and benefits of credit and making wise decisions based on this understanding.
2. One establishes a sound credit rating by demonstrating the ability and willingness to meet obligations and then by paying debts promptly according to the terms of credit agreements or contracts.
3. Understanding the major types and sources of consumer credit is basic to the intelligent use of consumer credit.
4. The wise use of consumer credit involves shopping for credit and using the right type of credit terms, keeping obligations within the limits of one's ability to pay, and paying debts promptly.

## Objectives

1. Identify major advantages and disadvantages resulting from the use of credit.
2. Explain how consumers use the major kinds of credit available to them, retail credit and loan credit, and give sources for each.
3. Distinguish among charge accounts, bank credit cards, and installment credit--who offers the credit, how consumers may use it, how they repay it, and what using credit costs them.
4. Describe the rights granted to credit users under each of the following acts: Truth-in-Lending Law, Fair Credit Reporting Act, Equal Credit Opportunity Act, and Fair Credit Billing Act.

5. Read a monthly statement and a credit agreement and explain what each of the items stand for.

6. Explain the importance of shopping for credit and formulate questions about credit costs and credit terms.

Vocabulary Words to Know

1. Bank: A business establishment that safeguards money, lends money with interest, and performs other financial services.

2. Collateral: Property that a creditor can claim if a loan is not repaid.

3. Contract: A legal agreement, usually written, between two or more parties.

4. Credit: The privilege of borrowing money or receiving goods or services now and paying for them later.

5. Credit bureau: A company that gathers credit information about consumers. The information is sold to employers, insurance companies, and lenders of money.

6. Credit card: An identification card that authorizes the holder to buy goods and services on credit.

7. Creditor: An individual or institution that gives credit, one to whom a debt is owed, a lender.

8. Credit rating: The appraisal of a person's ability and willingness to pay debts. The rating is based on a person's character, property, and ability to earn.

9. Credit union: A cooperative organization whose members have a common interest (for example, are employees of the same company). It makes loans to its members and handles their savings.

10. Debtor: A person who borrows or owes money.

11. Equal Credit Opportunity Act: The law that makes it illegal for creditors to discriminate against women.

12. Fair Credit Reporting Act: The law that guarantees people the right to know what is in their credit files.

13. Finance charge: The extra cost a borrower pays for the use of credit; the interest on a loan.

14. Finance company: A firm that lends money. It often lends money to people considered high risks, and it charges higher interest rates than banks.

15. Installment credit: A system of buying merchandise in which partial payments are made at regular intervals over a specified period of time.

16. Line of credit: The maximum amount of credit that a business allows a customer.

17. Point system: A system of rating credit applications by giving points for various factors, such as income, length of employment, etc.

18. Principal: On a loan, the amount of money borrowed upon which interest is figured.

19. Revolving charge account: A credit agreement between a store and a consumer whereby the consumer can charge merchandise up to a fixed line of credit. Usually a minimum payment is required, and there is a finance charge on the unpaid balance.

20. Thirty-day charge account: A credit agreement between a store and a consumer whereby the consumer is allowed to make purchases without interest being charged, provided the full bill is paid within thirty days.

21. Truth-in-Lending Law: The law that requires creditors to state the annual percentage rate, the finance charge, and the deferred payment price on credit contracts.

## Initiating Activity

Prepare a bulletin board display of the various forms and documents used for credit transactions in your community. Contact a bank, department store, credit union, and/or personal finance company to obtain copies of the following: an application for credit; a sample charge card or credit card; a statement of credit-card billings; a credit sale disclosure statement; a retail installment contract; and a chattel mortgage or conditional sales contract. Add any other credit forms or documents that you think would be of interest to the class.

Introduce students to this lesson by having them discuss whether or not people today can live without credit. Ask students to recall instances when they have used credit. If there are no responses, then state the definition of the term credit and ask if they have ever borrowed money. Discuss who they would extend credit to. (Students may answer friends, people they can trust, etc.)

Ask students if credit helps the consumer or causes problems for the consumer. Encourage students to share their ideas and acknowledge all who participate in the discussion.

## Developmental Activities

1. Advantages and Disadvantages

   a. Have students read the handout "Introduction to Steve and Sharon Apana." See "Unit V: Appendix A" at the end of this unit. Have students determine the Apanas' monthly expenses and net income. Have students decide whether or not the Apanas can afford to buy the stereo.

   Inform students that Sharon and Steve decided to buy the stereo. Focus class attention on how Sharon and Steve should pay for the stereo, weighing the advantages and disadvantages of buying with cash and with credit. Following are some of the factors the teacher can elicit from the students.

| CASH | CREDIT |
|---|---|
| 1) Compels deferral of purchase until affordable; keeps consumers within budget. | 1) Carries risk of overspending by allowing purchases that do not fit in budget. |
| 2) Involves no cost other than price of item or service purchased. | 2) May involve additional cost to the consumer (for example, bank service fees, interest, etc.). |
| 3) Requires available money, either in cash or checking account, at time of purchase. | 3) Facilitates purchase without readily available funds, thus allowing consumer to take advantage of special sales to purchase goods and services otherwise not affordable at that time or to make purchases in the event of an emergency. |
| 4) Affords no opportunity to establish credit history. | 4) Affords opportunity to establish history of making payments. |
| 5) Requires only cash at time of purchase. | 5) Requires approval by creditor prior to making purchase. |
| 6) Reduces consumer's money by amount of purchase once purchase is made. | 6) Allows consumers the use of their money for savings or other purposes between purchase and payment date. |

Have students consider which of these are advantages and which are disadvantages. What other factors might influence whether a person buys with credit or with cash? Have students consider whether Sharon and Steve should use credit (that is, borrow from a bank or store or use credit card) or pay for the stereo in cash, perhaps by saving until they have enough to pay by cash.

(Lesson adapted from Federal Reserve Bank of St. Louis, "Teaching About Credit: Activities for Secondary Classes," pp. 3-6.)

Students may analyze other hypothetical case studies in Morton and Rezny, Consumer Action, pp. 139-140.

Discuss with students what kinds of purchases and under what conditions purchases should be bought on credit or in cash.

b. Students may read about the advantages and disadvantages of credit in the following:

Garman and Eckert, The Consumer's World, pp. 192-193.

Jelley and Herrmann, The American Consumer, pp. 390-396.

Linder, Economics for Young Adults, pp. 33-35.

Saalbach, Managing Your Money and Credit, pp. B50-B53; B70-B73.

c. Show the filmstrip "Buy Now, Pay Later: The Pro's and Con's of Credit." Filmstrip is available through Social Studies School Service.

2. Kinds and Sources of Credit

a. Have students suggest the various kinds of credit available in the community, such as installment loans, revolving charge account, etc. Or write on the chalk board the different kinds of credit and have students describe how they think payment is handled. Students may discuss the advantages and disadvantages of each. Have students suggest when they can borrow the money to buy a car, a pair of shoes, or a stereo.

Students may see the following for additional information on types and sources of credit.

Garman and Eckert, The Consumer's World, pp. 196-202.

Jelley and Herrmann, The American Consumer, pp. 408-415.

Linder, Economics for Young Adults, pp. 35-40.

Morton and Rezny, Consumer Action, pp. 141-143.

Plunkett, The Consumer in America, pp. 103-113.

Saalbach, Managing Your Money and Credit, pp. B56-B62, B78-B80.

b. Inform students that credit can be categorized into open-end credit (revolving credit) and closed-end credit. Hand out "Different Types of Credit." See "Unit V: Appendix B" at the end of this unit.

Discuss the advantages and disadvantages of each type and decide which would be the better credit deal for Sharon and Steve.

3. Credit Laws

a. Have students discuss in small groups of three and decide whether the banks or businesses can refuse to grant credit on the basis of the following.

- sex
- marital status
- credit record
- on welfare
- wife is pregnant
- employment status

Have each group create credit laws which they think are necessary to protect consumers. Encourage the groups to share their ideas with the class.

Students may read about credit laws in the following sources. The credit laws include the Truth-in-Lending Law, Equal Credit Opportunity Act, Fair Credit Reporting Act, Fair Credit Billing Act.

Bittinger, The Consumer Survival Book, pp. 65-66.

Garman and Eckert, The Consumer's World, pp. 209-216.

Jelley and Herrmann, The American Consumer, pp. 400-406.

Linder, Economics for Young Adults, pp. 40-41.

Morton and Rezny, Consumer Action, pp. 148-151.

Plunkett, The Consumer in America, pp. 120-121.

Discuss how the laws help consumers.

b. Have students role-play a credit interview in which the creditor asks the applicant questions that are prohibited by the Equal Opportunity Act. Have the class identify the prohibited questions and describe what kinds of action the applicant can take against the creditor under the law.

c. Discuss how and why a married woman should establish credit and a financial history in her own name. How does the Equal Opportunity Act make it possible to do so?

d. Have students describe what a credit card holder should do if his or her card is lost or stolen. Explain the liability a card holder assumes for the card if it is used by an unauthorized person. What is the creditor's responsibility under the Truth-in-Lending Law?

## Culminating Activity

Have students summarize the important points about credit brought out in the lesson which consumers should know.

Students may present short skits which express these points.

## LESSON II: SHOPPING FOR CREDIT

Are low down payments and low monthly payments the best way to purchase things? What is the difference between discounted rate and add on rate of interest? How much can you save when you pay off credit accounts as quickly as possible?

### Concepts

1. Credit costs
2. Credit rating

### Generalizations

1. Credit costs or finance charges may be figured in different ways, depending on the type and source of credit.
2. The Truth-in-Lending Law requires creditors to state finance charges both in dollar amount and true annual interest rate.
3. The primary objective of the Fair Credit Reporting Act is to aid consumers in correcting any errors which may appear in their credit record kept by a credit bureau.

### Objectives

1. Explain the importance of shopping for credit and formulate questions about credit costs and credit terms.
2. Identify which items in credit agreements (installment contract, loans) are required by the Truth-in-Lending Law and explain how this information makes comparison easier.
3. Explain how different annual percentage rates and different repayment periods affect the monthly payments and the total finance charges on loans.
4. Explain the importance of a credit rating and tell what kinds of information a credit rating is based on.

## Vocabulary Words to Know

1. Annual percentage rate (APR): The rate of interest that a borrower pays per year on the unpaid balance of a loan. The Truth-in-Lending Law requires that this rate be stated on all credit contracts.
2. Deferred payment price: The total price of a product bought on credit, including the cash price plus the finance charge (and any other charges).
3. Unpaid balance: The amount of money a borrower still owes on a loan.

## Initiating Activity

Introduce students to this lesson by focusing the discussion around the following statement: "It costs money to borrow money." Discussion questions may include:

a. What does the statement mean?

b. Why do you suppose financial institutions charge interest?

c. Is there a relationship between the interest they charge consumers to borrow money and the interest they pay to consumers with savings accounts?

d. Do all institutions charge the same amount of interest?

## Developmental Activities

1. Credit Costs

   a. Make a bulletin board display of loan applications, installment contracts, charge account agreements and loan agreements. Students may be able to obtain many of these items from community lending institutions. Encourage them to make observations about these items. For example, in what ways are the credit contracts similar? How are they different? How do the penalty clauses in the contracts differ?

   b. Invite representatives from community lending institutions such as banks, credit unions, and finance companies to participate in a round-table discussion on credit costs. Ask each representative to answer questions, such as the following:

      1) How do you determine whether a person qualifies for a loan? What specific factors do you consider?

      2) What are the annual percentage rates on typical loans for new and used cars, appliances, home improvements?

3) Does your institution have penalties for paying off a loan early? What are they?

4) What do you do if a person misses a payment?

c. Have students compare the annual percentage rates, finance charges, deferred payment prices, and monthly payments on loans from several community lending institutions, and rank the loans from lowest cost to highest cost.

d. Have students prepare a chart, using the headings shown below. Indicate at least five reasons why a consumer might use credit, where he or she might go to obtain credit appropriate for each situation, and the approximate annual percentage interest rate he or she would be charged in each instance.

| Reasons for Use of Credit | Appropriate Source of Credit | Approximate Annual Percentage Rate Charged |
|---|---|---|

e. Invite a banker to the classroom to discuss what effect the movement toward a cashless society has had on the financial community, the consumer, and the retailer. Students may want to ask the banker some of the following questions:

1) What percentage of national or local retail sales involves credit?

2) What percentage of the money supply is in the form of checks?

3) Is the increased use of checks a movement toward a cashless society?

4) Is a truly cashless society a possibility? If yes, when might this occur?

5) Do any local businesses give discounts to customers who pay cash rather than use credit cards?

f. Students may see the following for information about credit costs.

Bittinger, The Consumer Survival Book, pp. 62-64.

Garman and Eckert, The Consumer's World, pp. 202-296.

Jelley and Herrmann, The American Consumer, pp. 396-400.

Morton and Rezny, Consumer Action, pp. 156-161.

Plunkett, The Consumer in America, pp. 113-114.

Saalbach, Managing Your Money and Credit, pp. B62-B66.

Discuss: What laws help consumers find out the costs of credit? What information do you need before you can compare the costs of credit?

2. Credit Application

   a. Have students collect several credit applications/agreement forms from retail stores, catalogs, banks, credit unions, etc. Ask students to study the applications carefully, underline the most important provisions and circle the terms or phrases they do not understand. Discuss in class the agreements, terms, and probable reasons for various provisions in credit agreements. Students may fill out the application forms. In addition, students may examine credit card applications to determine how the interest will be figured.

   b. Or have students fill out the application forms in "Unit V: Appendix C."

      Students may fill out the application forms with information about Steve and Sharon. Have students study the forms and raise questions if they do not understand how to fill out the forms or the information requested.

3. Credit Rating

   a. Have students pretend to be bankers who must decide whether to accept or reject the Apanas' application for a bank loan. Inform the students that in considering a credit application, bankers look for evidence that the applicant is likely to repay a loan on time. Have the class suggest examples of evidence that creditors may consider. Students may compare their answers with the following.

      1) Employment information:

         a) What is the applicant's occupation?
         b) How long has the applicant worked for his/her present employer?
         c) How much does the applicant earn?

      2) Expenses:

         a) How many dependents does the applicant have?
         b) How much does the applicant spend for rent or house payment?
         c) What other monthly payment obligations does the applicant have?

      3) Credit history:

         a) How often does the applicant borrow money?
         b) Does the applicant pay bills on time?
         c) Has the applicant had any court judgments for failure to repay debts?
         d) Has the applicant ever gone into bankruptcy?
         e) Has the applicant ever had garnishments, attachments, foreclosure, repossession or suits for failure to repay debts?
         f) Has the applicant established credit with any other creditors?

      4) Residence information:

         1) How long has the applicant lived at the present address?

b) Does the applicant own or rent?
c) Does the applicant have a permanent residence?

5) Collateral:

a) What resources does the applicant have to repay the loan, other than income? (Examples are: savings, investments, or property)

b) What collateral can the applicant offer to secure the loan? (Another way to ask this is: Does the applicant own real estate or automobiles that the creditor may take if the loan is not repaid?)

Have students work in small groups and decide whether to grant or deny credit to Sharon and Steve Apana. Students should have reasons for their decisions. Have students share their decisions and reasons with the class.

b. Students may see the following for additional information about credit rating.

Garman and Eckert, The Consumer's World, pp. 218-220.

Plunkett, The Consumer in America, p. 117.

Saalbach, Managing Your Money and Credit, B73-B77.

The following can be used as discussion guidelines.

1) Why are credit ratings important?

2) To whom are they important?

3) How can you establish a good credit rating?

## Culminating Activity

Write the following on the chalk board: credit costs and rating. Have students summarize what they have learned about credit costs and credit rating.

Some students may prefer to write "I Learned ..." statements.

Follow-up with a class discussion.

## LESSON III: CREDIT BLUES

How much credit can I afford? What should I do if I know I cannot meet the payments? Should I consolidate my loans?

### Concepts

1. Credit
2. Credit rating
3. Credit problems

### Generalizations

1. One establishes a sound credit rating by demonstrating the ability and willingness to meet obligations and then by paying debts promptly according to the terms of credit agreements or contracts.
2. The wise use of consumer credit involves using the right type of credit for different purposes, shopping for the best credit terms, keeping obligations within the limits of one's ability to pay, and paying debts promptly.

### Objectives

1. Describe effective and ineffective ways of dealing with credit problems.
2. Identify the advantages and disadvantages of using consolidation loans.
3. Formulate arguments for and against garnishment laws.
4. Describe what protection the Truth-in-Lending Law gives against garnishment.
5. Identify the advantages and disadvantages of declaring bankruptcy.
6. Explain the disadvantages of financing a new purchase by adding the amount to an already existing loan contract.

### Vocabulary Words to Know

1. Bankruptcy: The condition of being legally judged unable to pay one's creditors, whereupon some of one's assets are sold to pay creditors and debts are canceled.

2. Consolidation loan: A loan that provides money to pay off other debts with a single, usually low, monthly payment.

3. Deficiency judgment: A legal notice that payment is due a creditor for a remaining debt and other charges.

4. Garnishment: The legal process of assigning to a creditor a specified amount of money from the wages of a borrower who fails to make payments to the creditor.

5. Holder-in-due-course doctrine: A legal concept whereby a financial institution can purchase a credit contract from a merchant and remain free of any responsibility to the consumer for the condition of the goods purchased. The consumer is still responsible to the financial institution for payment of the debt.

6. Repossess: To take back goods when a buyer fails to make payments on them as specified in a credit contract.

7. Wage-assignment clause: The clause in a contract that allows a creditor to take a specified sum from the wages of a borrower who fails to make payments to the creditor.

## Initiating Activity

Introduce students to this lesson by having them discuss what consumers can do if they find they cannot meet the payments and what creditors can do when consumers do not make their payments.

Use this activity to assess students' knowledge and give students an opportunity to brainstorm. Accept all responses and record them on a chart. Keep the chart and have students' change their answers as they gain more information.

## Developmental Activities

### Credit Problems and Solutions

a. Collect credit contracts from local retail stores and lending institutions. Have students read each contract and discuss questions such as the following:

   1) What constitutes default?

   2) What happens if the borrower misses a payment? Some contracts make an additional charge and provide a time limit before taking legal action. Others have acceleration clauses that say if a borrower misses a single payment, the entire loan becomes due at once.

3) How is the interest refund determined if the contract is paid off early?

4) Does the contract contain a wage-assignment clause? If so, is the clause easy to spot?

5) Does the contract contain a "balloon balance" clause?

b. Invite a representative from a consumer protection agency to speak to the class about fraudulent credit practices and about the state and local laws protecting consumers against such frauds. Students may want to ask the speaker questions like the following:

1) What fraudulent credit practices occur most often in the state? Why?

2) What state and local laws offer protection?

3) What should consumers do if they suspect a credit fraud?

4) How do the federal laws protect the credit user?

5) What overlaps exist between federal and state credit laws? Which offer better protection?

6) What is the maximum rate of interest allowed in the state?

c. Students may read the following sources for information about credit problems and credit traps.

Garman and Eckert, The Consumer's World, pp. 215-218, 222-225.

Jelley and Herrmann, The American Consumer, p. 419.

Linder, Economics for Young Adults, pp. 42-48.

Morton and Rezny, Consumer Action, pp. 162-175.

Plunkett, The Consumer in America, pp. 118-119.

Saalbach, Managing Your Money and Credit, pp. B86-B89.

Give students the opportunity to change their answers given in the initiating activity.

d. Have students write letters of complaint. Students may create their own hypothetical situations or respond to the following:

Exactly one week ago you bought a wristwatch, which also includes a radio, from the Wristwatch Store. The total cost of the wristwatch was $275, but you were charged $375. You used your Hawai'i - Hawai'i Charge Card and your account number is 1234-56-789.

Discuss important elements which should be included in the letter. Have students give reasons why they think those elements should be included.

Then hand out "Unit V:  Appendix D" and have students write their letters of complaint.

## Culminating Activity

Have students involve themselves in role-playing situations. They can write the scripts and then perform the mini-plays for the class. The scripts should involve situations which illustrate credit problems and solutions, such as:

- A salesperson tries to get a consumer to sign a contract with blank spaces.
- A collection agency harasses a consumer for the nonpayment of a debt.
- A married couple discusses whether to declare bankruptcy.
- An employer and employee discuss the garnishment of the employee's wages.

# LESSON IV: TAXES

Why do we have to pay taxes? Who has to file a tax return? What are W-2, W-4, FICA?

## Concepts

1. Income

2. Taxes

## Generalizations

1. The primary purpose of taxes is to raise revenue needed for government services and operations.

2. The taxpayers serve their own interests by learning how the tax laws apply to them personally and by mastering the mechanics of keeping tax records, filing returns, and paying taxes as required by law.

3. Individual taxpayers assume their responsibilities most effectively when they (1) make an effort to understand our tax system and its effect on individuals, businesses and the overall economy; (2) keep up with significant new developments in taxing by local, state, and federal governments; (3) communicate their views on taxation to government representatives, and (4) vote for those representatives who support equitable and practical tax reform and legislation.

## Objectives

1. Explain the purpose of taxation and identify the variety of services that the taxes provide.

2. Describe and explain the different types of taxes.

3. Describe the rights and responsibilities of taxpayers.

4. Complete a 1040A and/or a 1040 Federal Income Tax Form and a State Income Tax Form.

5. Describe how real property taxes affect the costs of owning or renting a home.

## Vocabulary Words to Know

1. Wage earner: Person who receives money for working.
2. Taxes: Charges imposed by government upon citizens or property for public purposes.
3. Income taxes: Money deducted from wages by the government.
4. Earnings: Amount of income a person receives.
5. Deductions: Money subtracted from a person's gross earnings by an employer for such items as federal, state, and local taxes, Social Security tax (FICA), insurance premiums, union dues, etc.
6. Marital status: Whether a person is married or single.
7. W-2 Form: A statement given by the employer which shows the total wages earned and total taxes withheld.
8. FICA (Federal Insurance Contribution Act): Social security tax.
9. Gross income: Total amount earned.
10. Net income: Amount of income after deductions have been subtracted from a person's gross earnings.

## Initiating Activity

Write on the chalk board the following quote by Oliver Wendell Holmes: "Taxes are what we pay for civilized society." Have students discuss the meaning of the statement.

Questions raised by the teacher may include:

a. What do we mean by the word "civilization?"

b. Do our taxes "buy" civilization?

c. Would we lose our civilization if we did not have to pay any taxes?

## Developmental Activities

1. Understanding Taxes

Select appropriate activities from the "Understanding Taxes" program.

The Internal Revenue Service provides an excellent "Understanding Taxes" program. The program materials include:

Student Text Publication 21
Teacher's Guide Publication 19
Reference Books Publication 17
Forms Blowups
Films, three color 16 mm films
    "Money Talks," history of taxation, 26 minutes
    "What Happened to My Paycheck," provides insight into basic tax responsibilities through a modern look at payroll deductions and processing of tax returns, 16½ minutes
    "The Subject Was Taxes," portrays the history of taxation from earliest times, 16½ minutes

Materials may be ordered by letter or by telephone from

Understanding Taxes Coordinator
Internal Revenue Service
PJKK Federal Building
300 Ala Moana Boulevard, Room 1002
Honolulu, HI 96813

Phone: 546-2803

2. Types of Taxes

   Have students list all the different types of taxes they think an average family might pay during a year. Have students do the following:

   a. Place a P after those taxes that are progressive (those in which the rate increases with the ability to pay); place an R after those that are regressive (those in which the rate decreases or remains constant as the ability to pay increases).
   b. After making an analysis of the list, would you say that the family's tax load is a fair one? Why or why not?

3. Real Estate Taxes

   Have students respond to the following:

   If your parents own or are buying their home, ask them to tell you how much real estate tax they are paying for the current year. If possible, determine how that tax is figured. If your parents are paying for their home in monthly installments that include taxes, ask them to tell you how much of that monthly payment goes for taxes and how much that amount has increased or decreased over the previous year. Are real estate taxes in your community increasing or decreasing? Give probable reasons for the increase or decrease.

4. Budget Dollar

   Locate graphs which show where the budget dollar comes from and where it goes for the federal, state, and/or county government.

   Have students raise questions which the graphs answer. Encourage students to share their ideas and opinions about the distribution of the budget dollar.

Ask students to be specific and to list the services which are provided with taxpayers' money. The following can serve as discussion guidelines:

a. What are the consequences if more and more people find ways to avoid paying income taxes?

b. Should we expect government to provide all these services?

c. Which would we prefer, more services or less income tax? Can we have both?

5. Income Tax

Get income tax forms and have students complete the forms. Discuss any terms they do not understand.

6. Student References:

Students may see the following for information about taxes.

Garman and Eckert, The Consumer's World, pp. 467-497.

Jelley and Herrmann, The American Consumer, p. 451.

Linder, Economics for Young Adults, pp. 290-297.

Plunkett, The Consumer in America, pp. 366-372.

## Culminating Activities

1. Have small groups of students present skits which show the rights and responsibilities of themselves as taxpayers.
2. Have students fill out income tax forms. Students may use a case situation given by the teacher.

## UNIT V: APPENDIX A

## INTRODUCTION TO STEVE AND SHARON APANA

Steve Apana (born 1-31-56, Social Security Number 576-19-6855, Hawai'i Driver's License #576-19-6855) and Sharon Apana (born 4-22-56, Social Security Number 578-23-4821, Hawai'i Driver's License #578-23-4821) are a married couple who have just moved to Honolulu with their daughter, Sandra, age 3. They now live in a rented apartment at 4719 Hanapepe Avenue, phone number 555-9123.

Steve was an assistant manager at Burger Doodle in Lahaina for 4½ years. In Honolulu, he has taken a position as assistant manager at Hamburger Haven (5200 Kalākaua Avenue, Honolulu, 93108; $15,000 per year). He has a good chance of promotion to manager when a new restaurant opens.

Sharon worked as a part-time sales clerk at The Blue Lagoon in Lahaina (4422 Banyan Street, Lahaina 90603), for two years. In Honolulu she will start working as a part-time cashier for Star Department Store (200 Kapiolani Street, Honolulu 93101) at $4,000 per year.

Steve and Sharon have a joint checking account of $100 and a joint savings account of $50 at the First City Bank. They also own a 1975 VW Rabbit worth $2,400 and $800 worth of furniture, purchased and paid for on credit from ABC Furniture Company, Wailuku. They have a SUPERCHARGE Credit Card which is presently paid up.

They do have some bills, however. They owe $600 to Sears, Roebuck and Co., (credit card account number 1511-7342-6908); they originally owed $750 for Christmas presents, which they are paying off at $50 per month. They owe $1,000 to First City Bank, which lent them money to buy the car. Their monthly payments for the car are $56. Each month they also pay $450 for rent, $20 for electricity, $10 for water, and $16 for telephone. Food generally costs them $60 per week. Miscellaneous expenses, including haircuts, household expenses, etc., cost them another $25 per month.

In addition to the expenses already noted, the Apanas pay $250 per year for car insurance, $60 for renter's insurance, and $850 for health insurance for the family. (Visits to the doctor, however, are not paid for by their insurance.) Their car is another expense. It averages 25 miles for each gallon of gas, and they drive it about 150 miles every week. Child care expenses for Sandra cost them another $120 per month. Although they have not been able to save much money so far with their new jobs, the Apanas hope to save 10% of their salaries each month. They must pay 20% of their salaries for income tax and social security.

Finally, three weeks ago, Steve co-signed a loan for his brother for $2,000 so that his brother could buy a car from Use Car Motors in Waimea, Hawai'i. Neither Steve nor Sharon has ever been sued by anyone for not paying bills and neither has declared bankruptcy.

Steve and Sharon are thinking of buying a new stereo. They are looking at merchandise in Stereo-Stereo, a small shop in Kaimuki, and see one that they both like which costs $650.

Adapted from Federal Reserve Bank of St. Louis, "Teaching About Credit: Activities for Secondary Classes," 1981, pp. 3-4.

# UNIT V: APPENDIX B

## DIFFERENT TYPES OF CREDIT

What are the advantages and disadvantages of each?

| Open-end Credit (Revolving Credit) | Closed-end Credit (Time-Payment) |
|---|---|
| Examples: Bank credit cards, store credit, check overdraft accounts. | Example: loans from banks or finance companies, retail installment contracts. |
| 1. Consumer can borrow over and over up to credit limit fixed by creditor. | 1. Consumer borrows fixed amount (e.g., $500) for fixed period of time (e.g., 1 year). |
| 2. Consumer repays as he/she wishes, so long as monthly minimum amount determined by the creditor is paid. | 2. Consumer repays in monthly installments set by the creditor. |
| 3. Consumer makes only one application; no need to apply each time money is borrowed. | 3. Consumer must make new application and be approved by creditor each time money is borrowed. |
| 4. Consumer usually pays no interest charge if entire balance is paid by payment due date fixed by creditor (usually 25-30 days after date of bill). | 4. Consumer pays interest on amount borrowed, regardless of when entire balance is paid. |
| 5. Consumer pays no pre-payment penalty for payment before due date. | 5. Consumer usually pays penalty of extra money for repayment before due date. |

Now what do you think is the best credit deal for Sharon and Steve?

Source: Federal Reserve Bank of St. Louis, "Teaching About Credit: Activities for Secondary Classes," 1981, p. 20.

# BANK CREDIT CARD APPLICATION

## 1. TELL US ABOUT YOURSELF

| | | | |
|---|---|---|---|
| FIRST NAME | INITIAL | LAST NAME | |
| HOME ADDRESS | | | TELEPHONE |
| CITY | STATE | ZIP CODE | YEARS THERE |
| PREVIOUS ADDRESS | | | |
| CITY | STATE | ZIP CODE | YEARS THERE |

| | | |
|---|---|---|
| SOCIAL SECURITY NO. | BIRTHDATE<br>MO. \| DAY \| YR. | NUMBER OF DEPENDENTS |

| | | | |
|---|---|---|---|
| NAME OF NEAREST RELATIVE NOT LIVING WITH YOU | | | TELEPHONE |
| ADDRESS | CITY | STATE | ZIP CODE |

| | | |
|---|---|---|
| ☐ OWN<br>☐ RENT<br>☐ LIVE WITH PARENTS | MONTHLY PAYMENT | MORTGAGE BALANCE |
| NAME AND ADDRESS OF LANDLORD OR MORTGAGE COMPANY | | |

## 2. TELL US ABOUT YOUR JOB

| | |
|---|---|
| YOUR EMPLOYER | YEARS THERE |
| STREET ADDRESS | |
| BUSINESS PHONE AND EXTENSION | NET MONTHLY SALARY |
| LAST EMPLOYER | YEARS THERE |

## 3. DO NOT COMPLETE IF THIS IS AN APPLICATION FOR AN INDIVIDUAL ACCOUNT

APPLICANT'S MARITAL STATUS

☐ MARRIED ☐ SEPARATED
☐ UNMARRIED (INCLUDES SINGLE, DIVORCED AND WIDOWED)

## 4. CO-APPLICANT SECTION
(COMPLETE ONLY IF JOINT ACCOUNT DESIRED)

| | | | |
|---|---|---|---|
| FIRST NAME | INITIAL | LAST NAME | SOCIAL SECURITY NO. |
| HOME ADDRESS | | | TELEPHONE |
| YOUR EMPLOYER | STREET ADDRESS | | |
| YEARS THERE | BUSINESS PHONE | NET MONTHLY SALARY | |

## 5. OTHER INCOME

Income from alimony, child support, or maintenance payments need not be revealed if you do not choose to have it considered as a basis for repaying this obligation. OTHER INCOME $________ PER __________

Source of other income: ________________________________

Allimony, child support, separate maintenance received under ☐court order ☐written agreement ☐verbal understanding

## 6. TELL US ABOUT YOUR CREDIT REFERENCES

Credit references (Credit cards, Dept. Stores, Banks, Finance Co. etc.) and complete list of all debts now owing or paid. Attach additional sheets if necessary.

| NAME OF COMPANY | ADDRESS | ACCOUNT NUMBER | MONTHLY PAYMENT | BALANCE DUE |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| | | |
|---|---|---|
| AUTOMOBILE (MAKE & YEAR) | FINANCED BY AND ADDRESS | BALANCE DUE |

| | |
|---|---|
| CHECKING ACCOUNT NUMBER | NAME OF BANK |
| SAVINGS ACCOUNT NUMBER | NAME OF BANK OR SAVINGS AND LOAN ASSOC. |

This statement is submitted to obtain credit and I certify that all information is true and complete. This credit application is for a SuperCharge Account. I authorize the bank to obtain further information concerning my credit standing. I acknowledge receipt of a copy of the Disclosure of Credit Terms and a copy of the Right to Dispute Billing Errors.

| | |
|---|---|
| SIGNATURE OF APPLICANT<br>X | DRIVERS LICENSE NO. |
| SIGNATURE OF CO-APPLICANT (IF APPLICABLE)<br>X | DRIVERS LICENSE NO. |
| SIGNATURE OF OTHER PERSONS AUTHORIZED TO USE THIS ACCOUNT<br>X | |

# APPLICATION FOR A BANK LOAN

Amount ____ No. Mos. ____ ☐ PIP ☐ FHA ☐ Auto ☐ 2nd Mort ☐ Personal ☐ Other ____

Purpose ____

## Applicant Information

Full Name

Street Address

City/State/Zip

Home Phone Years There

Social Security No

Birthdate Age of Dependents

Previous Street Address

City/State/Zip

Years There

Nearest Relative Not Living With You

Address

Your Employer

Your Position Years There

Take home pay per mo $ Business Phone

Last Employer Years There

Other income: You should not include information on income from alimony, child support or separate maintenance unless you want to have it considered as a basis for repaying this loan.

Source of Other Income

Monthly Amount $

Your Checking Institution

Your Savings Institution

Your Home Do You ☐ Own ☐ Rent ☐ Live with parents

Monthly Rent/Mortgage $

Rent/Mortgage Paid To

Orig. Purchase Price $ Bal. Owed on Mort. $

Your Auto: Make Model Year

Financed By Balance Owed $

Please list all debts and credit obligations. Include alimony, child support, or separate maintenance payments you are required to make.

Creditor

Monthly Payment $ Balance $

Creditor

Monthly Payment $ Balance $

Creditor

Monthly Payment $ Balance $

Total amount you owe on all other debts not listed above

Total Other Balance $

## Co-Applicant Information (Complete if joint application only)

Full Name

Street Address

City/State/Zip

Home Phone Years There

Social Security No

Birthdate Age of Dependents

Previous Street Address

City/State/Zip

Years There

Nearest Relative Not Living With You

Address

Your Employer

Your Position Years There

Take home pay per mo $ Business Phone

Last Employer Years There

Other income: You should not include information on income from alimony, child support or separate maintenance unless you want to have it considered as a basis for repaying this loan.

Source of Other Income

Monthly Amount $

Your Checking Institution

Your Savings Institution

Your Home Do You ☐ Own ☐ Rent ☐ Live with parents

Monthly Rent/Mortgage $

Rent/Mortgage Paid To

Orig. Purchase Price $ Bal. Owed on Mort. $

Your Auto: Make Model Year

Financed By Balance Owed $

Please list all debts and credit obligations. Include alimony, child support, or separate maintenance payments you are required to make.

Creditor

Monthly Payment $ Balance $

Creditor

Monthly Payment $ Balance $

Creditor

Monthly Payment $ Balance $

Total amount you owe on all other debts not listed above

Total Other Balance $

Everything I have said in this application is true. I understand that you will retain this application whether or not it is approved. You are authorized to check my credit and employment history and to answer questions about your credit experience with me. No dealer or merchant has referred me to this bank for the purpose of obtaining this loan.

Signature ____ Signature ____

Date ____ Date ____

# STORE CHARGE APPLICATION

☐☐☐☐☐ ☐☐☐ ☐

**FOR OFFICE USE ONLY**

**IMPORTANT** Read These Directions Before Completing This Application

**Individual Account** ☐ **Check here and complete Parts I & III** — IF you are applying for an individual account in your own name and are relying on your income or assets and not the income or assets of another person as the basis for repayment of the credit requested

**Joint Account** ☐ **Check here and complete Parts I, II and III** — IF you are applying for a joint account and are relying on your income or assets and the income or assets of the joint applicant as the basis for repayment of the credit requested. In Part II provide information about the joint applicant

**Individual Account With Authorized User** ☐ **Check here and complete Parts I, II and III** — IF you are applying for an individual account but a spouse or other person is to be permitted use of the account. In Part II provide information about spouse or other user

**Other** ☐ **Check here and complete Parts I, II and III** — IF you are applying for an individual account in your own name but are relying on income from alimony, child support, separate maintenance or the income or assets of another person as the basis for repayment of the credit requested. In Part II provide as much information as possible about the person on whose alimony, child support, or maintenance payments or income or assets you are relying

CREDIT PLAN REQUESTED Flexible Charge Account

**CR BUR**
☐ EMP
☐ SP EMP
☐ L TRADE
☐ O TRADE
☐ BANK
☐ UPDATE

| | | |
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| 1 | 2 | 3 |
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| 10 | 11 | 12 |
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| 16 | 17 | 18 |
| 19 | 20 | 21 |
| 22 | 23 | 24 |

WHERE TAKEN
DATE
LIMIT
APPROVED BY
DATE APPROVED

## PART I. INFORMATION REGARDING APPLICANT

ACCOUNT TO BE IN NAME OF — LAST FIRST INITIAL — SOCIAL SECURITY NUMBER

ADDRESS

CITY AND STATE — ZIP CODE — HOME TELEPHONE

TIME AT PRESENT ADDRESS — OWN — RENT — OTHER — AGE — NUMBER OF DEPENDENTS — NUMBER OF CHARGE PLATES REQUESTED 1 2

PREVIOUS ADDRESS — HOW LONG

NAME OF EMPLOYER — ADDRESS — POSITION — HOW LONG

BADGE OR ID NO — BUSINESS TELEPHONE — SALARY ☐ 0 - $4,000 ☐ 4 - $8,000 ☐ 8 - $15,000 ☐ OVER $15,000

FORMER EMPLOYER — ADDRESS — POSITION — HOW LONG

NAME AND ADDRESS OF BANK — ☐ CHECKING ☐ SAVINGS — ACCOUNT NO

**ALIMONY, CHILD SUPPORT, OR SEPARATE MAINTENANCE INCOME NEED NOT BE REVEALED IF YOU DO NOT WISH TO HAVE IT CONSIDERED AS A BASIS FOR REPAYING THIS OBLIGATION**

ALIMONY, CHILD SUPPORT, SEPARATE MAINTENANCE RECEIVED UNDER ☐ COURT ORDER ☐ WRITTEN AGREEMENT ☐ ORAL UNDERSTANDING

OTHER INCOME $ ____________ PER ____________ SOURCE(S) OF OTHER INCOME ____________

IS ANY INCOME IN THIS PART LIKELY TO BE REDUCED IN THE NEXT TWO YEARS? ☐ NO ☐ YES (EXPLAIN)

HAVE YOU EVER HAD AN ACCOUNT WITH US BEFORE? ____________ WHEN? ____________ UNDER WHAT NAME? ____________ ACCOUNT NO ____________

## PART II. INFORMATION REGARDING JOINT APPLICANT, USER, OR OTHER PARTY

JOINT APPLICANT'S NAME — AGE — SOCIAL SECURITY NUMBER

ADDRESS — CITY AND STATE — ZIP CODE

NAME OF EMPLOYER — ADDRESS — POSITION — HOW LONG — HOME TELEPHONE

BADGE OR ID NO — BUSINESS TELEPHONE — SALARY ☐ 0 - $4,000 ☐ 4 - $8,000 ☐ 8 - $15,000 ☐ OVER $15,000

NAME AND ADDRESS OF BANK — ☐ CHECKING ☐ SAVINGS — ACCOUNT NO

RELATIONSHIP TO APPLICANT (IF ANY)

**ALIMONY, CHILD SUPPORT, OR SEPARATE MAINTENANCE INCOME NEED NOT BE REVEALED IF YOU DO NOT WISH TO HAVE IT CONSIDERED AS A BASIS FOR REPAYING THIS OBLIGATION**

ALIMONY, CHILD SUPPORT, SEPARATE MAINTENANCE RECEIVED UNDER ☐ COURT ORDER ☐ WRITTEN AGREEMENT ☐ ORAL UNDERSTANDING

OTHER INCOME $ ____________ PER ____________ SOURCE(S) OF OTHER INCOME ____________

IS ANY INCOME IN THIS PART LIKELY TO BE REDUCED IN THE NEXT TWO YEARS? ☐ NO ☐ YES (EXPLAIN)

## PART III. CREDIT AND DEBT INFORMATION

BOTH APPLICANTS MUST FILL OUT THIS PART (IF PART II WAS COMPLETED THIS PART SHOULD BE COMPLETED GIVING INFORMATION ABOUT BOTH THE APPLICANT AND JOINT APPLICANT, USER OR OTHER PARTY. MARK APPLICANT RELATED INFORMATION WITH AN "A". IF MORE SPACE IS NEEDED USE REVERSE SIDE.)

CREDIT CARDS (INCLUDE BANK LOANS AND FINANCE COMPANIES)

| FIRM NAME | LOCATION | ACCOUNT NUMBER | NAME IN WHICH ACCOUNT IS CARRIED |
|---|---|---|---|
| | | | |
| | | | |
| | | | |

Everything that I/we have stated in this application is correct to the best of my/our knowledge. I/we understand that you will retain this application whether or not it is approved. You are authorized to check my/our credit and employment history and to answer questions about your credit experience with me/us.

My signature on the application or the use of the account constitutes my consent to the terms and conditions on the reverse side, and I acknowledge receipt of a copy of this agreement.

APPLICANT'S SIGNATURE — DATE — OTHER SIGNATURE, WHERE APPLICABLE — DATE

# UNIT V: APPENDIX D

## LETTERS OF COMPLAINT

1. Always date letters. The law requires that this letter be received within 60 days of the bill.
2. Notice that you do not necessarily send this letter to the same place you send your payments.
3. The law requires that you explain why there is an error.
4. The law requires that you specify the amount of the error.
5. You should send copies of any documents that prove your claim. Note that you send copies only, not the original.
6. The law requires that you state your account number.
7. The law requires that you state your name.
8. Letters must be legible.
9. Always retain a copy of the letter for your records.

Source: Federal Reserve Bank of St. Louis, "Teaching About Credit: Activities for Secondary Classes," 1981, p. 38.

## BIBLIOGRAPHY OF STUDENT TEXTBOOKS: UNIT V

Bittinger, Marvin L. *The Consumer Survival Book: How to Fight Inflation*. Woodbury, New York: Barron's Educational Series, Inc., 1976.

Garman, E. Thomas and Sidney W. Eckert. *The Consumer's World: Economic Issues and Money Management, Second Edition*. New York: McGraw-Hill Book Company, 1979.

Jelley, Herbert M. and Robert O. Herrmann. *The American Consumer: Issues and Decisions, Second Edition*. New York: McGraw-Hill Book Company, 1973.

Linder, Bertram L. *Economics for Young Adults, Revised Edition*. New York: Sadlier-Oxford, 1977.

Morton, John S. and Ronald R. Rezny. *Consumer Action*. Boston: Houghton Mifflin Company, 1978.

Plunkett, W. Richard. *The Consumer in America*. New York: Harcourt Brace Jovanovich, 1979.

Saalbach, William F. The Consumer and the American Economy Series, *Managing Your Money and Credit*. River Forest, Illinois: Laidlaw Brothers, 1974.

# UNIT VI: BUYING THE BASICS: FOOD, CLOTHES, TRANSPORTATION

## Overview

In this unit the student will use the information and skills gained from the previous units and apply them to buying the basics, such as food, clothes and transportation.

Most consumers spend a great part of their income on food. Lesson I describes ways to get the most out of one's food dollars, such as buying nutritious foods, reading food labels for ingredients and nutrients, looking at open dating and comparing unit costs. Students will plan nutritious meals, make shopping lists, and learn to substitute cheaper foods with the same nutrition for more expensive foods to stretch their food dollars.

Some time should be spent in helping students recognize their personal value concerning foods in relation to other needs. Are they willing to eat less deluxe foods to have money for a new outfit, a color TV, or to buy tires for a car?

Lesson II examines purchasing clothing. It includes evaluating one's clothing needs before shopping, and checking clothing tags for fabric content and care instructions before buying.

The concept of clothing purchasing is difficult to teach. Clothing selections no longer have strict rules to follow. The teacher needs to be aware of many exceptions to any guide and to help students in considering individual circumstances.

Lesson III considers transportation in general. The students first evaluate the alternatives of transportation, then consider used versus new cars. The skills needed to buy a car are useful in purchasing any product. The costs of financing, maintaining, and insuring an automobile make up the third largest expense in the typical budget. Skills such as estimating the costs of ownership and negotiating a deal can be transferred to the purchase of any expensive item.

## INDEX TO STUDENT TEXTBOOKS: UNIT VI

| Authors * | Food | Clothing | Transportation |
|---|---|---|---|
| Bittinger | 8-37 | 38-49 | 141-170, 173-175 |
| Garman and Eckert | 115-150 | 227-249 | 284-319 |
| Jelley and Herrmann | 139-157 | 118-136 | 160-193 |
| Linder | 84-92 | | |
| Morton and Rezny | 39-57 | 59-72 | 190-235 |
| Plunkett | 153-183 | 205-219 | 223-243 |
| Saalbach | | | C72-C89 |

* Complete bibliographical information at the end of the unit.

## UNIT VI: BUYING THE BASICS: CLOTHES, FOOD, CARS

### Concepts

1. Food purchasing process
2. Clothing purchasing process
3. Automobile purchasing process

### Generalizations

1. A working knowledge of basic nutritional requirements is necessary to make the most of food dollars.
2. Food buying guides include labels, open dating, unit pricing, grade labels, federal inspection marks, brand names, and newspaper ads.
3. The food buying process involves following a well-planned shopping list, using available food buying guides, and inspecting food products, particularly fresh foods.
4. Wardrobe planning is based on coordinating an existing wardrobe with additional clothing needs and the money available to meet those needs.
5. Making the most of clothing dollars involves timing purchasing, inspecting garments for quality, workership, and fit, and reading labels and tags for information on fabric content and care requirements.
6. Obtaining the most economical and satisfactory form of transportation depends on carefully weighing and choosing from existing alternatives as they relate to one's needs and budget.
7. Automobile expenses to be planned for and budgeted include purchase price, operating costs, maintenance, insurance, licensing, and permits.
8. The purchase of a car involves a process which includes pre-purchase planning, a study of makes, models, and features, comparison shopping, test driving, bargaining with the dealer, and a study of warranties.
9. Automobile financing is available from a variety of sources, each offering a differing set of terms and finance charges. Therefore, it pays to shop carefully for the best deal.
10. Knowledge of the type of car insurance available and the cost of coverage is essential in shopping for adequate and reliable insurance protection at the most reasonable cost.

## Objectives

1. Identify the four basic food groups and for each group name at least two foods and explain their importance to a balanced diet.
2. Explain the roles of nutrients and calories in maintaining a balanced diet.
3. Describe advantages and disadvantages of shopping at a supermarket, a neighborhood "Mom and Pop" store, a specialty food store, and a food cooperative.
4. Explain and demonstrate how to read a product label for information about nutrition, quality, ingredients, and serving size.
5. Explain and demonstrate how to compare the unit cost of two or more similar food products.
6. Describe several ways to judge the quality of clothing for a man or woman.
7. Compare the following places to shop for clothing by price and convenience: department stores, discount and outlet stores, specialty stores and second-hand stores.
8. Describe several routine ways to help prolong the life of garments.
9. Set up a clothing budget and corresponding purchase plan.
10. Compare the advantages and disadvantages of several means of transportation, including a car, and identify the expenses of each for its user or owner.
11. Identify the questions to ask when evaluating the condition of a used car.
12. Identify the methods of paying for a new or used car and state an advantage and disadvantage of each method.
13. Describe the coverage provided by the following kinds of insurance: liability, medical, collision, comprehensive, emergency road service and compare the coverage to no-fault insurance.
14. Read and use printed materials from daily life: bus schedule, newspaper and map.

## LESSON I: FOOD

One of the biggest and most important expenses for everyone is food. Can you tell how to get the most for your money when you buy food? What does "getting the most" mean? Is it getting the most pleasure, the most nutrition, the most nourishment for life and growth?

### Concept

Food purchasing process

### Generalizations

1. A working knowledge of basic nutritional requirements is necessary to make the most of food dollars.
2. Food buying guides include labels, open dating, unit pricing, grade labels, Federal inspection marks, brand names, and newspaper ads.
3. The food buying process involves following a well-planned shopping list, using available food buying guides, substituting less expensive but nutritious items, and inspecting food products, particularly fresh foods.

### Objectives

1. Identify the four basic food groups and for each group name at least two foods and explain their importance to a balanced diet.
2. Explain the roles of nutrients and calories in maintaining a balanced diet.
3. Describe advantages and disadvantages of shopping at a supermarket, a neighborhood "Mom and Pop" store, a specialty food store, and a food cooperative.
4. Explain and demonstrate how to read a product label for information about nutrition, quality, ingredients, and serving size.
5. Explain and demonstrate how to compare the unit cost of two or more similar food products.

## Vocabulary Words to Know

1. Basic food groups: A classification by health experts of nutritious foods into groups, such as meat, milk, vegetable-fruit, bread-cereal. If the recommended portions of foods from each group are eaten daily, nutritional needs should be met.

2. Convenience foods: Processed food products, such as cooked, frozen, or mixed foods, that save the consumer time and work. They are usually more expensive than unprocessed foods.

3. House brand: A product sold by and carrying the label of a retail store or chain, but often packaged by a large national firm.

4. Nationally advertised brand: A product packaged and advertised by a large manufacturer and carrying the manufacturer's label.

5. Nutrients: Ingredients in food that enable the body to maintain health.

6. Nutritional labeling: A listing of the nutritional values of a food product on its package.

7. Open dating: The procedure of clearly printing on a food package the last date the product can be sold and still be fresh (also called pull date).

8. Recommended daily allowance (RDA): The amount of a nutrient a person needs each day to stay healthy.

9. Unit pricing: The listing of price per unit (ounce, pound, pint, etc.) of a product.

10. Universal Product Code: A coded symbol (lines and numbers) printed on each food package. A computer at the check-out counter reads the code, finds the price of the product, and puts the price into the cash register.

11. U.S. Department of Agriculture (USDA): A federal department. One of its duties is the inspection of meat and produce involved in interstate commerce.

12. Balanced diet: A combination of foods that supply all the nutrients that the body needs.

13. Calorie: A measure of food energy found in fats, proteins, and carbohydrates. A calorie is the heat needed to raise the temperature of a gram of water one degree celsius.

14. Nutrition: The study of food and its relation to health.

15. Staple: Any basic item or food regularly used in most homes, such as bread, flour and soap.

## Initiating Activity

Create a bulletin board display of food packages and labels, coupons, food sections from the newspapers, food articles from magazines, food cost comparisons, chart outlining recommended dietary allowances (RDAs) for teenagers, and other sources of food shopping and nutrition information. Have students analyze the materials on display and discuss the types of information each provides. Also discuss the importance of the information to consumers.

## Developmental Activities

1. Food and Nutrition

   a. Have students list all the foods they ate yesterday. Then ask students to do the following:

      1) Beside the foods listed, write the food group(s) to which the foods belong.

      2) Write "empty calories" next to the foods that do not fit into any food group.

      3) Count the number of foods eaten in each group.

      Discuss students' ideas of what constitutes a good balanced diet and have each student determine whether he or she ate a balanced diet of foods.

      Students may read the following for information about nutrition and balanced diets.

      Bittinger, The Consumer Survival Book, p. 8.

      Garman and Eckert, The Consumer's World, pp. 140-142.

      Jelley and Herrmann, The American Consumer, pp. 140-142.

      Morton and Rezny, Consumer Action, pp. 39-41.

      Plunkett, The Consumer in America, pp. 153-157.

      The following questions can be used as discussion guidelines.

      1) Did your diet fall short in any of the food groups?

      2) How can you improve your diet?

      3) Are there any foods you ate yesterday that you might be better off without?

b. Have students fill out "If You Are What You Eat, What Are You?" See "Unit VI: Appendix A" at the end of this unit.

   Have students evaluate their eating habits and note how they can improve their diets.

c. Ask the class if they know how vegetarians plan their meals so they eat a balanced diet. Inform students that there are different kinds of vegetarians. Some vegetarians eliminate only meat from their diets, and others eat no meat, poultry, fish, or eggs. Pure vegetarians eat no animal protein or milk products. The following questions may be used as discussion guidelines.

   1) What are some reasons why people become vegetarians?

   2) What problems could each group of vegetarians have in getting a balanced diet? What nutrients, if any, may each be missing?

   Ask students to find out how vegetarians combine foods or supplement their meals to get balanced diets. Encourage students to plan and eat a vegetarian meal.

   Refer to Department of Education, nutrition education teacher's guide (draft), Lesson 10, "Vegetarian Diets: Do They Meet Nutritional Needs?"

   Interested students may gather information about eating lower on the food chain and explain the impact of eating lower on the food chain to the world food supply.

2. Influences on shoppers

   Discuss how stores and food manufacturers attempt to get consumers to buy their products. Students may also do the following:

   a. Listen to advertisements of food products on TV or study the ads in popular magazines. Notice how the ads, through word or image, use the following appeals: (a) pressure of children on parents, (b) social acceptance by peer group, (c) sexuality, (d) endorsement, (e) exaggerated visual or verbal description of food quality.

   b. Visit the local supermarket and diagram the floor layout. Notice the layout of the goods and the kinds of products that are located by the checkout stands. Explain in what ways the store layout encourages impulse buying.

      Students may read in Plunkett, The Consumer in America, pp. 158-159, about the various things supermarket shoppers need to be aware of.

3. Sources of Information

   a. Prepare a bulletin board display of labels, food ads and other materials which give information about products to consumers.

      Have a discussion to assess students' knowlege of sources of information, such as open dating, quality grades, and unit pricing, that can help consumers make wise purchasing decisions. The following questions can serve as guidelines. Encourage students to share their ideas.

1) What information is given on the labels or packagings of food products which can help consumers make wise purchasing decisions?

2) What is open dating? unit pricing? USDA standards? How do these sources of information help the consumer?

Students may read in the following for additional information about open dating, unit pricing, and food grades.

Bittinger, The Consumer Survival Book, pp. 30-31.

Garman and Eckert, The Consumer's World, pp. 136-138.

Jelley and Herrmann, The American Consumer's World, pp. 136-138.

Linder, Economics for Young Adults, pp. 84-92.

Morton and Rezny, Consumer Action, p. 43.

Plunkett, The Consumer in America, pp. 163, 168-169.

b. Ask students how many of them read labels before purchasing. Discuss the kinds of information that are given on labels. Have students suggest conditions, such as allergies, or restriction to low sodium diets, which might make reading labels essential for the consumer.

Distribute the handout "Reading Labels" in "Unit VI: Appendix B" at the end of this unit. Have students answer the questions and discuss whether or not the information on the labels is important or useful to consumers.

The following books include information about reading food labels.

Jelley and Herrmann, The American Consumer, pp. 149-154.

Morton and Rezny, Consumer Action, p. 42-44.

Plunkett, The Consumer in America, pp. 162-163.

4. Food Additives

Food additives are used extensively in small amounts in today's food products. They serve as preservatives, nutritional supplements, color modifiers, flavoring agents, and controlling agents. Have students check the labels on several food products, list the chemical food additives and look up their purposes.

5. Protection for Consumers

Have students examine the role of the following agencies in protecting food and the consumer: (a) U.S. Food and Drug Administration, (b) U.S. Department of Agriculture, (c) U.S. Public Health Department, (d) Federal Trade Commission, (e) U.S. Fish and Wildlife Service, (f) American Medical Association.

6. Food Stamps

Food stamps are available to many low income families. Have one or two students write to the U.S. Department of Agriculture requesting information about the Food Stamp Program. Have the students find out about eligibility, benefits to the participants, benefits to the nation, and limitations.

7. Price of Food

The price of food is influenced by many factors. Have students read some books and articles concerning the food industry, and write a report on how the following influence consumer food costs: (a) technical developments in agriculture, (b) import quotas on food products, (c) high cost of land and property taxes in urban areas, (d) development of products to meet consumer demands, (e) weather conditions, (f) labor strikes in the transportation industry.

8. Convenience Foods

Have students select at least five "convenience" foods commonly used by students and their families. Conduct a cost/quality comparison of each convenience food with its made-from-scratch counter-part. Discuss the pros and cons of convenience versus homemade, considering time, energy, cost, quality, and taste preferences.

9. Save Food Dollars

a. Ask students how consumers can save money. After the discussion, inform students that comparison shopping is one way of saving money. Divide the class into teams. Have students use the "Comparison Shopping" form in "Unit VI: Appendix C" at the end of this unit. Each team should compare prices, quality, and selection for the different food and nonfood categories in supermarkets and specialty shops (such as bakeries, delicatessens, farmers' markets, and meat and fish markets). Compare the results in class and use the data to set up a directory of where to shop for what.

b. Have students investigate food cooperatives as a way to save food dollars. Have them consider the trade-offs of time, energy, and limited selection versus cash savings.

c. Have students bring food product coupons from magazines, newspapers, direct mail, and in-store promotions. Display the coupons on a bulletin board. Discuss the value of these coupons and the way to make the most of coupons in shopping for food. Have students plan a balanced meal around the coupons.

d. Divide the class into four groups and have each group plan and present a skit on one of the following: buying meat wisely, buying fruits and vegetables wisely, buying milk and milk products wisely, buying bread and cereal wisely.

Students may use the following as references.

Bittinger, The Consumer Survival Book, pp. 13-27.

Plunkett, The Consumer in America, pp. 157-180.

General tips on saving food dollars are given in the following:

Bittinger, The Consumer Survival Book, pp. 8-10.

Garman and Eckert, The Consumer's World, pp. 140-142.

## Culminating Activity

Have students plan meals for one week for a single person and decide on a shopping list that includes foods needed for menus and staples. When the shopping list is complete, have the students price the items on their list at the supermarket or grocery store to determine the food cost of feeding themselves.

# LESSON II: CLOTHING

What colors, designs, and fabrics in clothing are best suited to you? What should you think about even before you go shopping? What should you know about costs, labeling, construction and care?

## Concept

Clothing purchasing process

## Generalizations

1. Wardrobe planning is based on coordinating an existing wardrobe with additional clothing needs and the money available to meet those needs.
2. Making the most of clothing dollars involves timing purchases, inspecting garments for quality, workership, and fit, and reading labels and tags for information on fabric content and care requirements.

## Objectives

1. Describe several ways to judge the quality of clothing for a man or woman.
2. Compare the following places to shop for clothing by price and convenience: department stores, discount and outlet stores, specialty stores and second-hand stores.
3. Describe several routine ways to help prolong the life of garments.
4. Take an inventory of existing clothing to determine needs and clear out unwearables.
5. Make a wardrobe plan to guide future clothing choices.
6. Set up a clothing budget and corresponding purchase plan.

## Vocabulary Words to Know

1. Fabric: Cloth formed by weaving, knitting, or bonding fibers together.
2. Garment: An article of clothing.

3. Natural fiber: Clothing fiber, such as cotton, wool, flax, or silk, that comes from plants or animals.

4. Synthetic fiber: Clothing fiber, such as rayon, acetate, nylon, polyester, or acrylic, that is made from chemicals.

5. Permanent care label: Label attached to clothing telling the consumer how to clean, iron or bleach a garment.

6. Hangtag: Paper or cloth tag attached to garments and furnishings, usually describing the features, construction, and care of the item.

## Initiating Activity

Introduce students to this activity by having them recall problems they had with clothing they have purchased. Examples may include seams that came apart, clothes that shrank, the color of the hangtag ran, etc.

Have students share how they buy clothes and what they look for before purchasing. Ask students to formulate a clothing purchasing guideline. Write the guideline on a chart and have students change it as they get more information in subsequent activities.

## Developmental Activities

1. Clothes as Self-Expression

Create a bulletin board display of pictures of people in different kinds of clothing. Have students suggest the messages the clothes give about the people wearing them. Discuss the use of clothes as an expression of individuality.

In small groups of about three students, have the class list the reasons for people's choices of clothing. These may include membership in a group, for comfort, social status, to be in fashion, to be different, to be in the forefront of fashion fads, to attract attention, etc. Discuss the groups' lists.

Have each student analyze and describe or explain his or her own use of clothes. This can be given as a short written assignment.

Students may read about reasons for clothing choices in Garman, Eckert, The Consumer's World, pp. 228-231.

2. Needs and Wants

Have students discuss whether they buy clothing according to needs or wants. Discuss how their wants (and money available) determine the style of clothing they purchase.

Invite or arrange interviews with recent graduates who are in college, employed in different jobs, etc., to discuss how clothing needs change with different roles people play.

Have students determine the occasions which require different kinds of clothing.

3. Clothing Inventory

   a. Taking inventory of our clothes is a good way to review the condition of clothes and put aside those that we no longer use. This is also the first step in planning a wardrobe and purchasing additional clothes.

      Have students take an inventory of their clothes. The form in "Unit VI: Appendix D" located at the end of this unit may be used. The descriptions under activities may be changed to the occasions the students suggested in the activity above.

      Have students determine whether they have enough clothes to meet their needs or whether they need additional items. Ask students to establish priorities of their needs and wants.

   b. Have students analyze the "Weepers" in their closet according to the reasons they are unwearable -- size and fit, style, color, not flattering, not coordinated with other clothes, etc. Have students compare the estimated cost per wear of a "weeper" fad and a "keeper" classic. Discuss students' buying mistakes and insights that will help them make better choices in the future.

4. Clothing Purchasing Plan

   Discuss planning the wardrobe around a basic color and secondary colors as one way to get the most use of the garments.

   Have students complete a clothing purchasing plan. See "Unit VI: Appendix E" at the end of this unit.

5. Colors, Designs and Fabric

   a. Have students share their knowledge of the use of colors, design and fabric which are most suited to them. Discuss how color and design can make people look taller, slimmer, shorter or heavier.

      Students may gather further information in Plunkett, The Consumer in America, pp. 205-207.

   b. Have students identify the different kinds of fibers used to make clothing and discuss whether or not students would buy clothes made of those fibers. The fibers include acetate, cotton, linen, nylon, polyester, rayon, silk, and wool.

      Students may see the following for additional information about the characteristics and care of various fibers.

Jelley and Herrmann, The American Consumer, pp. 124-128.

Plunkett, The Consumer in America, pp. 208-210.

6. Shopping for Clothes

a. Ask students how many of them read the hangtags and labels on the clothes before they buy. Discuss why this information is important to consumers.

Ask a few students to visit a store and copy the information they find on the hangtags and labels on several shirts or blouses. Find out what the information means and discuss why it is important to consumers.

b. Have students select one of the more important items on their buying list and shop for it in several different outlets, such as department stores, discount stores, specialty shops, resale shops, catalogs, and factory outlets. As they shop, students may compare the following:

- prices
- fabrics
- quality
- styles and colors
- variety of styles, sizes, colors, brands
- store services and policies, such as credit, return or exchange privileges, concern with customer satisfaction, overall reputation of stores

c. Bring to class several pieces of the same type of clothing but of different quality levels. Examine the items to see the differences in workership, design, fabric, and detail.

d. Have students shop carefully for a single item of clothing, such as a jacket, shirt or blouse, or jeans -- at different quality levels, from highest to lowest. Look for differences in workership, design, fabric, care requirements, and price. Discuss signs of quality, the relationship of price and quality, when it pays to buy high quality items and when lower quality might be a better buy.

e. Have students comparison shop for a pair of shoes. Ask students to visit a specialty store and a department store and rate the two stores on the following points: helpful salespeople, quality of shoes, styles to choose from, selections in your size, cost, and any comparisons of your own.

f. Students may read the following for additional tips and information about making clothing purchases.

Bittinger, The Consumer Survival Book, pp. 38-49.

Garman and Eckert, The Consumer's World, pp. 231-243, 247.

Jelley and Herrmann, The American Consumer, pp. 128-136.

Morton and Rezny, Consumer Action, pp. 65-69.

Plunkett, The Consumer in America, pp. 211-219.

Have students take another look at the clothing purchasing guidelines they formulated earlier. (See the initiating activity.)

Give students the opportunity to change the guidelines.

7. Care of Clothes

Have students demonstrate some of the common methods of repairing clothes, such as sewing on buttons, mending hems, and applying patches. Students could also demonstrate the techniques of removing common stains from clothes.

## Culminating Activity

Have students respond to the following hypothetical situation: Your younger sister Katy thinks that all she has to do is save enough money to buy an item of clothing she wants and then go to the nearest store and buy it. What can you tell Katy about planning a wardrobe and shopping to get the most quality for the least amount of money?

# LESSON III: TRANSPORTATION

What choices do you have for getting from one place to another? What are the advantages and disadvantages of owning a car? If you buy a car, how can you get your money's worth?

## Concepts

1. Automobile purchasing process
2. Transportation alternatives

## Generalizations

1. Obtaining the most economical and satisfactory form of transportation depends on carefully weighing and choosing from existing alternatives as they relate to one's needs and budget.
2. Automobile expenses to be planned for and budgeted include purchase price, operating costs, maintenance, insurance, license, and permits.
3. The purchase of a car involves pre-purchase planning, a study of makes, models and features, comparison shopping, test driving, bargaining with the dealer, and a study of warranties.
4. Automobile financing is available from a variety of sources, each offering a differing set of terms and finance charges. Therefore, it pays to shop carefully for the best deal.
5. Knowledge of the type of car insurance available and the cost of coverage is essential in shopping for adequate and reliable insurance protection at the most reasonable cost.

## Objectives

1. Compare the advantages and disadvantages of several means of transportation, including a car, and identify the expenses of each for its user or owner.
2. Identify variable costs and three or more fixed costs of owning a car and suggest a way to minimize each.
3. Identify the questions to ask when evaluating the condition of a used car.

4. Identify the methods of paying for a new or used car and state an advantage and disadvantage of each method.

5. Describe the coverage provided by the following kinds of insurance: liability, medical, collision, comprehensive, emergency road service and compare the coverage to no-fault insurance.

6. Read and use printed materials from daily life: bus schedule, newspaper, and map.

Vocabulary Words to Know (The following words are defined as they relate to the automobile.)

1. Blue book: The short title for the "National Automobile Dealers Association Official Used Car Guide," a publication that lists used car prices.

2. High ball: A deceptive auto sales technique in which a dealer offers a customer a high price for a trade-in car, but also asks a high price for the car the customer wants to buy.

3. Low ball: A deceptive auto sales technique in which a dealer interests a customer in a car by quoting a low price, but once the customer is ready to buy, says the car cannot be sold for that price at all.

4. Red book: The short title for the "National Market Reports Red Book of Official Used Car Evaluations," a publication that lists used car prices.

5. Repossessed car: An automobile taken back by the seller because the buyer fails to make the payments called for in the sales contract.

6. Wholesale special: A car that a dealer is willing to sell without the usual amount of profit.

7. Dealer's cost: The price an auto dealer pays for a new automobile.

8. Depreciation: The amount a car loses in value as it gets older.

9. Freight charge: The cost of having a car shipped from the manufacturer, also called delivery cost.

10. Options: Accessory items, such as power steering, air conditioning, and so on, which a consumer may or may not purchase with an automobile.

11. Sticker price: The manufacturer's suggested retail price for a new automobile. Dealers are required to display the sticker price, but almost always sell a car for less than this price.

12. Collision insurance: Auto insurance that pays for the repair of a policyholder's car after it has been in a collision, regardless of who was at fault.

13. Comprehensive insurance: Auto insurance that pays for the repair of a car damaged from something other than a collision, such as fire, falling objects, and vandalism. It also covers the cost of the car if it is stolen.

14. Deductible clause: A clause contained in a collision or comprehensive insurance policy that allows the insurance company to deduct, or subtract, a certain amount before paying for damages.

15. Liability insurance: Auto insurance that pays the cost of injury or damages to others for which the policy holder is liable, or responsible.

16. Medical insurance: Auto insurance that pays the medical expense incurred by the policy holder and passengers as a result of a car accident, regardless of fault.

17. No-fault insurance: Auto insurance that pays, up to a certain limit, for a policyholder's expenses, regardless of fault in an accident.

18. Premium: The amount paid, usually in installments, for an insurance policy.

## Initiating Activity

Introduce students to this lesson by having each student outline his or her personal transportation needs. Have students include distance and time spent traveling to school and/or work and for each recreation per week. Students may also do the following:

a. Prepare a chart listing the advantages and disadvantages of owning and operating a car as compared to alternative transportation vehicles, such as bicycle, motorcycle, or moped.

b. Compare alternative methods of travel, such as walking, public transportation (bus), and private means (taxi, ride sharing).

c. Write a brief "cost effectiveness report" on the type of transportation that best suits your present needs.

## Developmental Activities

1. Types of Transportation

   a. Ask students to bring a map and bus schedule of their city or town. Have the students use the map to figure out which buses they would take to get from:

      1) their home to city hall;

      2) their home to a main shopping area;

3) their home to a park or playground;

4) their school to another school that they play against in sports.

Have students decide whether or not other means of transportation to the places stated above would better suit their needs. Ask students to explain their answers.

Students may read the following for additional information.

Morton and Rezny, Consumer Action, pp. 231-235, discusses various types of public transportation.

Plunkett, The Consumer in America, pp. 223-228, discusses public and other forms of transportation.

Saalbach, Learning to Be a Better Buyer, pp. C73-C74, discusses transportation needs and wants.

2. Used Car vs. New Car

   In small groups, have students list all their considerations about buying a used car and a new car. Have the groups share their ideas and discuss the merits of buying a used car and a new car. Then ask the students to assess their own situations and to determine whether they would purchase a used or new car (assuming they need one).

3. Advertisements

   a. Prepare a bulletin board display of ads for new cars clipped from newspapers and magazines. Ask students to identify the type of advertising appeal the manufacturer or dealer has used to encourage the reader to buy that particular make or model.

   b. Have students analyze used car ads and decide which advertised cars sound like good buys, which sound overpriced, and which ads seem suspect.

4. Shopping Intelligently

   a. Have students interview someone they know who bought a car within the past six months. Find out about the model, the deal, warranty, the shopping process, dealer, and after-purchase satisfaction or dissatisfaction. Ask advice for first-time car buyers. Questions to ask during the interview should include the following:

      1) What sources of information did you find most helpful in making your purchase decision?

      2) What was the greatest challenge or difficulty in making your purchase decision?

      3) What would you do differently if you were to buy again?

4) What advice can you offer first-time car buyers?

b. Have students develop a car buyer's dictionary of terms that consumers should know in order to shop intelligently for a used or new car. Include terms on auto features, makes, models, service, warranties, insurance, financing, and maintenance.

c. Set up a panel presentation on various aspects of car-buying, including shopping for a new or used car, auto insurance, warranties and servicing, auto financing, legal aspects of car ownership and driving, and safe driving. Panel participants may include car dealers, insurance agents, creditors, mechanics, driver education teachers, lawyers, traffic police and recent car buyers.

d. Reproduce a new car warranty. Because its language may be difficult to understand, use the following questions to help students analyze the warranty:

1) What is the time and mileage limitation of the warranty?

2) If the car needs new spark plugs and a tune-up, would these repairs be covered by the warranty?

3) What repairs does this warranty cover?

4) What repairs does the warranty not cover?

5) Under what circumstances would this warranty not be honored?

e. Have a group of students visit auto dealerships to look around, ask questions, and get a feel for the way auto deals are made. Discuss the experiences in class and draw up a list of guidelines for smart car shopping.

f. Where can used car buyers find out which makes, models, and years of cars have below-average repair records? Consumers Union, in its April issues and in the annual December Buying Guide Issue of Consumer Reports, presents charts with the results of its annual survey of 250,000 auto owners. These charts use five symbols to indicate the frequency of repairs in seventeen specific categories for each year's models. Have students answer the following questions based on the charts.

1) Which of the 19___ models is the best based on repair records?

2) In deciding which cars have the best repair record, did you give equal attention to each kind of repair listed? If not, which kinds of repairs do you think are most important?

3) How much would this kind of information help you if you wanted to buy a used car?

4) What kinds of information would you want?

g. Give students the following assignment:

   1) Select one of the following categories of new cars: subcompact, compact, intermediate size, or full size.

   2) Prepare a written report comparing various manufacturers' cars in that category which are being sold in your community. Use the same model, for example, a two door sedan, in making your comparisons. Include in your report the following items for each car: passenger accommodations, quality of ride, handling and steering, type and quality of brakes, anticipated frequency of needed repairs, probable rate of depreciation, and price. Mention other items, such as engineering specifications, that may be of special interest to you. Finally, name the car you would rate as "best buy" and give reasons for making your selection.

   To get the information you need, use the most recent Annual Round-up of New Car Buyers from Consumers Union.

h. Students may read the following sources for additional information about used and new car buying tips.

   Bittinger, The Consumer Survival Book, PP. 144-148.

   Garman and Eckert, The Consumer's World, pp. 289-301.

   Jelley and Herrmann, The American Consumer, pp. 160-164.

   Morton and Rezny, Consumer Action, pp. 190-213.

   Plunkett, The Consumer in America, pp. 234-242.

   Saalbach, Learning to Be a Better Buyer, pp. C77-C80.

5. Financing

   a. Have students recall prior knowledge about shopping for credit. Identify the various sources of credit and set up guidelines for shopping for credit.

   b. Invite an official from a bank or credit union to discuss car loans with the class. Ask him or her to answer the following questions:

      1) Would the interest rate for a loan to purchase two cars of the same make, model, and condition be the same for different borrowers? Why or why not?

      2) To what extent, if any, does the age, character, or occupation of an applicant for a car loan affect the interest rate?

      3) Why does a bank charge a higher rate of interest when making a loan for an older model of car than for a newer one?

c. Select class committees to visit various agencies that loan money to finance the purchase of new automobiles. Ask the committees to visit a commercial bank, an automobile finance company, and a credit union. Request that the committees find out from each source its cost for financing a new $5,000 car, assuming a one third down payment and 36 monthly installments for the remainder. Have them determine the effective annual interest charges. Have the committees prepare written reports and/or present the information to the class through charts or other visual aids. Have the class compare the costs of financing through the three agencies. Discuss the advantages and disadvantages of each.

6. Insurance

a. Invite an automobile insurance company representative to visit your class. Ask him or her to explain and illustrate the major forms of car insurance: liability, comprehensive, and collision. Request that he or she describe other options the insurance company provides, such as towing service, medical payments, and coverage against uninsured motorists. Urge that he or she tell why car insurance is higher for certain individuals.

b. Hand out "What You Should Know About Hawai'i's No-Fault Law." See "Unit VI: Appendix F" at the end of this unit. Have students read the provisions and identify those that everyone who owns a car should know.

7. Maintaining a Car

a. Have students obtain copies of owner's manuals. After students have studied the manuals to see what car servicing each recommends, discuss the following questions:

1) How do car owners know when to service their cars?

2) What are some of the things that need to be done to properly maintain the car? Which seems to be most important?

3) What needs to be done to keep the car's pollution control device, if there is one, in good repair?

4) What check can be made when car owners buy gasoline at a service station?

5) What can be done to reduce the car's consumption of gasoline?

b. Students may read about the maintenance of cars in the following books.

Bittinger, The Consumer Survival Book, pp. 149-152.

Garman and Eckert, The Consumer's World, pp. 301-308.

Jelley and Herrmann, The American Consumer, pp. 174-177.

Plunkett, The Consumer in America, p. 233.

### Culminating Activity

Have students describe in detail the type of car that would best meet their needs and budgets. Using tips from articles, ads, and trips to auto dealerships, have students match that description as closely as possible to a specific model and type of car. Ask students to include purchase price, financing, taxes, licensing, insurance, and operation and maintenance costs.

# UNIT VI: APPENDIX A

## IF YOU ARE WHAT YOU EAT, WHAT ARE YOU?

Make this three-step analysis of your eating habits. When you've completed this exercise, evaluate your eating habits and consider what changes you might want to make in your diet and why.

1. Fill in the questionnaire now as completely as you can, estimating when necessary.

2. For one week, keep a detailed record of everything you eat. Be sure to note the quantities you consume. Refer to package labels, calorie charts, and other types of nutrition information as needed.

3. Complete the questionnaire again at the end of the week, relying on the information you've recorded.

I. Fill in the approximate number of calories and the percentages of each item listed below that you consumed for:

| | Breakfast | Lunch | Dinner | Snacks |
|---|---|---|---|---|
| Calories | | | | |
| Protein | | | | |
| Saturated fat | | | | |
| Unsaturated fat | | | | |
| Complex carbohydrates | | | | |
| Sugar | | | | |

II. Check the three kinds of snacks you are most likely to eat:

___ Fresh fruits & vegetables
___ Salted nuts
___ Unsalted nuts
___ Crackers & chips
___ Cheese
___ Milk
___ Candy
___ Popcorn
___ Cereal
___ Cookies & cake
___ Soft drinks, with sugar
___ Soft drinks, sugar-free
___ Ice cream or shakes
___ Sandwiches
___ Fruit juices
___ Other ______________________________
___ Other ______________________________
___ Other ______________________________

III. List the approximate number of foods you eat each day that contain:

___ salt    ___ saturated fat    ___ sugar    ___ sugar substitutes

IV. Meals and snacks you eat in fast-food restaurants typically number:

___ one a week or less    ___ five to 10 per week
___ two to four per week    ___ over 10 per week

V. Indicate the approximate percentage of the foods you consume that are:

___ "made from scratch"/fresh
___ semi-prepared
___ ready-to-eat

# UNIT VI: APPENDIX B

## READING LABELS

### Product 19

NUTRITION INFORMATION

| | |
|---|---|
| Serving Size: 1 oz. (28.4 g) Product 19 | |
| Servings per package: | 1 |
| Calories | 100 |
| Protein | 2g |
| Carbohydrate | 24g |
| Fat | 0g |
| Sodium | 315mg |

| PERCENT OF U.S. RDA | |
|---|---|
| Protein | 4 |
| Vitamin A | 100 |
| Vitamin C | 100 |
| Thiamin | 100 |
| Riboflavin | 100 |
| Niacin | 100 |
| Calcium | 0 |
| Iron | 100 |
| Vitamin D | 50 |
| Vitamin E | 100 |
| Vitamin $B_6$ | 100 |
| Folic Acid | 100 |
| Vitamin $B_{12}$ | 100 |
| Phosphorus | 4 |
| Magnesium | 4 |
| Zinc | 2 |
| Copper | 4 |

INGREDIENTS: Milled corn, oat flour, sugar, wheat flour, rice, salt, corn syrup, defatted wheat germ, malt syrup, sodium ascorbate (C), Annatto color, Vitamin E acetate niacinamide, reduced iron, ascorbic acid (C), Vitamin A palmitate, pyridoxine hydrochloride ($B_6$), Riboflavin ($B_2$), Thiamin hydrochloride ($B_1$), Folic acid, Vitamin $B_{12}$ and Vitamin $D_2$, Preservative BHT.

Price: $1.39 for 6 packages

### Quaker 100% Natural Cereal with Raisins & Dates

Quaker 100% Natural Cereal is a natural, not organic, food product made from conventionally grown foodstuffs to which no artificial additives or preservatives have been added.

INGREDIENTS: Rolled oats, brown sugar, rolled whole wheat, raisins, coconut oil, dried unsweetened coconut, almonds, non-fat dry milk, chopped dates, honey.

NUTRITION INFORMATION

Serving Size 1/4 cup 1 oz. (28 g)
Servings per container 16

| | 1 oz. (28g) | With 1/2 cup Vitamin D Fortified Whole Milk |
|---|---|---|
| Calories | 130 | 210 |
| Protein | 3g | 7g |
| Carbohydrate | 18g | 24g |
| Fat | 5g | 9g |
| Sodium | 15mg | 75mg |
| | 50mg/100g | 50mg/100g |
| Potassium | 120mg | 305mg |
| | 420mg/100g | 205mg/100g |

| PERCENTAGE OF U.S. RECOMMENDED DAILY ALLOWANCES (% U.S. RDA) | | |
|---|---|---|
| Protein | 4 | 10 |
| Vitamin A | * | 2 |
| Vitamin C | * | * |
| Thiamine | 4 | 8 |
| Riboflavin | 10 | 20 |
| Niacin | 2 | 2 |
| Calcium | 2 | 15 |
| Iron | 4 | 4 |
| Vitamin D | * | 10 |

*Contains less than 2% of the U.S. RDA for this nutrient.

| CARBOHYDRATE INFORMATION | | |
|---|---|---|
| Starch and related carbohydrates | 12g | 12g |
| Sucrose and other sugars | 6g | 12g |
| TOTAL Carbohydrates | 18g | 24g |

Price: $2.15

# WORKSHEET

1. How is sugar listed in the ingredients?

2. The ingredients are listed in order by the amount of each in the product. What do you notice about the amount of sugar in the products?

3. According to the labels, how big are the servings? How do they compare with one serving for you?

4. Compute the price per serving from the information given on the labels. Do you think the price per serving is deceiving?

5. Which has more vitamins and minerals?

6. Which has more food value?

7. If you had a chance to ask questions of the manufacturers, what questions would you ask?

## UNIT VI: APPENDIX C

## COMPARISON SHOPPING

Write down at least two items in each of the following categories. Price and rate these items in at least four outlets--two retail outlets and two specialty shops. Circle the prices that are lowered by coupons or special offers. P=Price; Q=Quality (E for Excellent, G for Good, P for Poor); V=Variety (list number of choices--1, 2, 3, etc.)

| FOOD | NAME OF ITEM | STORE 1 ____ | | | STORE 2 ____ | | | SHOP 1 ____ | | | SHOP 2 ____ | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | P | Q | V | P | Q | V | P | Q | V | P | Q | V |
| Dairy | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Produce | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Meat, Fish, Poultry | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Canned | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Frozen | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Packaged | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Pastry | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Ice Cream | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |

NON FOOD

| | | | | |
|---|---|---|---|---|
| Paper Goods | | | | |
| | | | | |
| Cleaning Supplies | | | | |
| | | | | |

|  | NAME OF ITEM | STORE 1 ________ | STORE 2 ________ | SHOP 1 ________ | SHOP 2 ________ |
|---|---|---|---|---|---|
|  |  | P Q V | P Q V | P Q V | P Q V |
| Plants |  |  |  |  |  |
|  |  |  |  |  |  |
| Pet Supplies |  |  |  |  |  |
|  |  |  |  |  |  |
| Cosmetics |  |  |  |  |  |
|  |  |  |  |  |  |
| Other |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

# UNIT VI: APPENDIX D

## CLOTHING INVENTORY

| Activities | Dresses, suits | Pants, skirts, shorts | Shirts, blouses | Jackets, sweaters | Accessories: shoes, jewelry, belts, etc. |
|---|---|---|---|---|---|
| School and informal social events | | | | | |
| Dress-up occasions (e.g., dates, parties) | | | | | |
| Home | | | | | |
| Work | | | | | |

The following may also be included:

| Undergarments | Sleepwear | Miscellaneous clothes for special activities (swimming, tennis) |
|---|---|---|
| | | |

## UNIT VI: APPENDIX E

## CLOTHING PURCHASING PLAN

Use this form to plan your wardrobe and guide clothing selections. Fill in the basic color you want to plan your wardrobe around and the secondary colors to be used as accents. Write down items you need to buy, their colors, and the estimated cost of each. Check what activity each new garment will be worn for, and write in possible wardrobe combinations.

Total amount budgeted for clothing for (season/year)_______________=$____________

Basic Color _______________ Coordinating Secondary Colors _________________________

| Item Needed | Color(s) | Estimated Cost | To wear for: | | | | | To be worn in combination with: |
|---|---|---|---|---|---|---|---|---|
| | | | School | work | dress | sport | other | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

## UNIT VI: APPENDIX F

## WHAT YOU SHOULD KNOW ABOUT HAWAI'I'S NO-FAULT LAW

The "Hawai'i No-Fault Law" establishes a system of insurance that provides prompt payment for medical and wage loss benefits for bodily injury, regardless of who was at fault in an accident.

The following questions and answers are intended to highlight the important features of the "Hawaii No-Fault Law."

1. WHO NEEDS NO-FAULT INSURANCE?

   Every owner of a car, bus, truck or motorcycle must have insurance.

2. WHAT IF I DON'T WANT INSURANCE?

   You will not be able to register your vehicle and if the vehicle is not insured, you must immediately surrender the vehicle registration and license plates to the County Director of Finance.

3. WHAT WILL HAPPEN IF I DRIVE WITHOUT INSURANCE?

   - Driving a motor vehicle without no-fault insurance may result in fines of $1,000 per violation.

   - If you are injured in an accident in your uninsured vehicle, you will not be able to collect any no-fault benefits.

4. WHAT SHOULD I DO TO GET NO-FAULT INSURANCE?

   You must apply for a no-fault policy. This can be done through any insurance agent or company doing business in Hawai'i.

5. CAN AN INSURANCE COMPANY REFUSE TO SELL ME A NO-FAULT POLICY?

   An insurance company may not refuse to sell you a no-fault policy unless the principal driver of the vehicle does not have a driver's license or unless you do not pay the premium.

6. CAN MY NO-FAULT POLICY BE CANCELED BY THE INSURANCE COMPANY IF I HAVE A TRAFFIC VIOLATION?

   No. Your no-fault policy cannot be canceled nor can your company refuse to renew your policy unless:

   - your driver's license is suspended or revoked, or

- you do not pay the premium.

### 7. WHAT ARE THE BASIC BENEFITS?

The basic no-fault benefits include up to $15,000 per person (or survivor) for:

- medical and rehabilitative expenses;
- loss of earnings to a maximum of $800 per month;
- up to $800 per month for necessary services which you would have performed had you not been injured;
- funeral costs up to $1,500.

### 8. CAN I GET EXTRA BENEFITS?

Insurance companies must offer additional benefits which you may wish to buy at an additional cost.

### 9. WHO GETS PAID?

All injured persons, including drivers, passengers and pedestrians.

### 10. HOW SOON WILL BENEFITS BE PAID?

Your insurance company is required to pay benefits within 30 days after you supply proof of loss.

### 11. WHAT HAPPENS IF I'M NOT PAID WITHIN 30 DAYS?

Your insurance company must pay you 1½% interest per month on the unpaid amounts.

### 12. WHAT ABOUT OTHER INSURANCE COVERAGE?

The no-fault benefits will be paid regardless of any other insurance coverage that may be in force. The only exceptions are workers' compensation payments and certain social security and public assistance benefits, which will be paid first and will reduce the amount of no-fault benefits otherwise payable.

### 13. CAN I STILL SUE OR BE SUED?

You can sue or be sued for recovery of property damages but not for bodily injury unless:

- medical bills exceed $1,500; or
- total no-fault claims exceed $15,000; or

- injury is such that the use of a part or function of the body is lost or permanent and serious disfigurement results; or
- injury results in death.

14. DO I NEED A SEPARATE LIABILITY POLICY TO PROTECT ME AGAINST SUIT?

When you buy a no-fault policy, it will include liability coverage of $25,000 per person for bodily injury and $10,000 per accident for property damage.

You may also want to buy additional liability coverage at an additional cost.

15. WHAT HAPPENS IF MY CAR DAMAGES PROPERTY OF OTHERS?

You will be protected by your no-fault policy.

16. WHAT HAPPENS IF I DAMAGE MY OWN CAR?

Damage to your own car will not be covered under your no-fault policy unless you have purchased collision or comprehensive insurance coverage.

17. HOW MUCH WILL MY NO-FAULT POLICY COST?

The cost of your no-fault policy will depend on several factors such as your driving record, the amounts and types of additional coverages you choose to buy, and the rates of your insurance company.

18. HOW CAN I GET THE CHEAPEST RATE?

You can do two things. The most important is to drive safely so that you will have a clean driving record. The second is to shop around and compare rates between insurance companies.

19. HOW CAN I COMPARE RATES?

Ask several companies for quotes.

To help you more easily compare costs, the law requires that all companies offer the same standard options. Standard "deductibles" must also be offered at an appropriate reduction in rates.

20. WHAT ELSE MIGHT AFFECT THE COST?

The law has other provisions which are intended to limit the cost of no-fault insurance. For example:

- MOTORCYCLES and motorscooters cannot be charged higher rates than the same driver would be charged for automobile coverage.
- PUBLIC ASSISTANCE recipients can acquire basic no-fault insurance at no cost.
- FULL-TIME STUDENTS may be eligible for a 10% discount.

Source: "What You Should Know about Hawai'i's No-Fault Law," Motor Vehicle Division, State of Hawai'i.

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# UNIT VII: LIVING SPACE

## Overview

Finding a place to live involves some of the most important decisions a consumer must make, for personal happiness as well as a great deal of money is at stake. This unit examines the variety of choices a consumer has in looking for a home, the information and procedures to follow in evaluating and contracting for different kinds of housing, and the selection of furniture and appliances.

Lesson I discusses the various factors to consider in deciding where to live. This lesson illustrates some of the conditions that limit people from living where they want, including cost, availability of housing, and discrimination.

Renting is also discussed. Before long many students will be apartment hunting, and hopefully they will avoid the mistakes that many tenants make. In Lesson I they will learn what things to check out, in the apartment and in a lease, before renting.

Owning one's own home is still the dream of many Americans. Although buying a home may not be an immediate concern of students, understanding what is involved in home ownership can help students plan their future housing goals. Lesson II provides a guide for evaluating the costs of and the procedures to follow in buying a place to live. This lesson includes the advantages and disadvantages of renting and buying a house and condominium and the different ways to finance buying a home.

Lesson III examines the buying of furniture and appliances. Buying furniture and appliances is highly subjective and involves one's considerations of convenience, status, and taste, as well as costs. A consumer should select furniture of good quality and design which fit into his or her overall plan of furnishing. A knowledge of woods, fabrics, finishes, design hardware and construction is used to evaluate furniture.

Appliances are considered "blind" items that are literally impossible for consumers to make valid comparisons when examining the glittering array of modern appliances. Wise consumers will, therefore, obtain all the help they can get by studying advertisements, talking to merchants, family members and friends who own and use various appliances.

INDEX TO STUDENT TEXTBOOKS: UNIT VII

| Authors* | Choosing a Place to Live | Buying A Home | Buying Furniture and Appliances |
|---|---|---|---|
| Bittinger | 74-79, 88-89 | 79-84,<br>93-104 | 105-140 |
| Garman and Eckert | 321-336 | 336-357 | 251-281 |
| Jelley and Herrmann | 196-222 | 232-246 | 252-280 |
| Morton and Rezny | 238-259 | 260-276 | |
| Plunkett | | | 275-301 |
| Saalbach | C51-C56<br>C65-C68 | C56-C58,<br>C60 | |

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* Complete bibliographical information at the end of this unit.

## UNIT VII: LIVING SPACE

### Concepts

1. Housing
2. Home purchasing process
3. Furniture purchasing process
4. Appliance purchasing process

### Generalizations

1. Factors to consider in the selection of appropriate housing include a shelter budget, available housing, and life style.
2. Cost and location are two key factors to consider in selecting a place to live.
3. The choice between rental housing and home ownership requires careful consideration of the advantages and disadvantages of both.
4. A lease is a legal document and, therefore, one must study a lease carefully before signing.
5. Buying a home is often one of the most costly financial commitments made in a lifetime. It requires a careful study of all the costs involved including taxes, insurance, maintenance, closing costs and financing.
6. Finding the best way to finance a home involves studying types of financing available, and comparison shopping of different sources of financing to find the best terms.
7. Investment in a home calls for adequate protection in the form of home insurance.
8. Choices of home furnishings and appliances depend largely on needs, personal preferences, taste and available funds.
9. Factors to check before buying home appliances include space, water, and wiring requirements, guarantees, operating costs, installation arrangements, and repair service.
10. Second-hand home furnishings and appliances in good condition may offer excellent opportunities for saving money in furnishing a home.

## Objectives

1. Identify and discuss the factors that should be taken into account in choosing living space.
2. Outline a plan for finding rental housing to suit their needs, wants, and budgets.
3. Interpret the terms and conditions set forth in a standard lease.
4. Explain their rights and responsibilities as tenants under the Hawaii Landlord Tenant Code.
5. Identify the important factors to consider and steps to follow when shopping for a home to buy.
6. Describe the four basic types of mortgage loans and compare the following: down payment requirements, length of loan period, and eligibility requirements.
7. Identify and define the new methods of home financing developed as a result of high interest rates and difficulty in obtaining traditional home mortgages.
8. Identify various ways to save money when buying furniture or appliances.
9. Identify the things you should ask about or look for when buying a piece of furniture.
10. Explain the ways to judge the quality of floor coverings and the ways to prolong their use.
11. State some rules to follow when shopping for any three major appliances.

# LESSON I: CHOOSING A PLACE TO LIVE

How much should you spend on housing? What should you look for in a place to live? How do you evaluate a neighborhood? What are the advantages of renting a home?

## Concept

Housing

## Generalizations

1. Factors to consider in the selection of appropriate housing include a shelter budget, available housing, and life style.
2. Cost and location are two key factors to consider in selecting a place to live.
3. The choice between rental housing and home ownership requires careful consideration of the advantages and disadvantages of both.
4. A lease is a legal document and, therefore, one must study a lease carefully before signing.

## Objectives

1. Identify and discuss the factors that should be taken into account in choosing living space.
2. Outline a plan for finding rental housing to suit their needs, wants, and budgets.
3. Interpret the terms and conditions set forth in a standard lease.
4. Explain their rights and responsibilities as tenants under the Hawai'i Landlord Tenant Code.

## Vocabulary Words to Know

1. Eviction: A legal process by which a landlord can force a tenant to move out.

2. Landlord: The owner of rental property, or the owner's agent.

3. Lease: A contract signed by the landlord and tenant that defines both parties' rights and responsibilities.

4. Rent: A payment made at regular intervals for the use of another person's apartment or property.

5. Security deposit: Money a tenant leaves with a landlord, usually when an apartment lease is signed. This money is held by the landlord as security against the cost of any damage that the tenant may do to the apartment. If, when the tenant moves out, no damage has been done, the landlord must return the security deposit.

6. Tenancy at will: Renting without a lease and without a fixed term of residency.

7. Tenant: A person who rents an apartment or other rental property.

8. Landlord-Tenant Code: A state law which defines the rights and responsibilities of the landlord and the tenant.

9. Subleasing: The tenant of the apartment renting the apartment to someone else.

## Initiating Activity

Develop a real estate bulletin board composed of pictures of various types of housing in different kinds of neighborhoods.

After students have had an opportunity to examine the pictures, discuss the types of housing and neighborhoods the students prefer to live in. Factors which affect where people live and the type of housing people choose can also be discussed. Questions for discussion may include the following:

a. What are some advantages and disadvantages of living in the city? in the country?

b. What things about a neighborhood are important to you?

c. How do you view a home? How important is it to you?

Encourage students to share their ideas and be supportive of students' answers. Acknowledge all who participate in the discussion.

## Developmental Activities

1. Choosing a Place to Live

   Have students name areas where they would like to live and explain why they want to live there. Have students develop a checklist of the things they would look for in the neighborhood they would like to live in.

   Students may read the following sources for information about the factors to consider in choosing a place to live.

   Garman and Eckert, The Consumer's World, pp. 324-325.

   Jelley and Herrmann, The American Consumer, pp. 201-210.

   Morton and Rezny, Consumer Action, pp. 238-242.

2. Rent or Buy

   In small groups of about three, have students list the advantages and disadvantages of buying or renting a place to live. Have the groups share their lists and compile a class list. Discuss the factors, such as needs, wants and capital resources, which determine whether consumers rent or buy.

   The following sources include information on the question of buying or renting.

   Bittinger, The Consumer Survival Book, p. 88.

   Garman and Eckert, The Consumer's World, pp. 325-329.

   Jelley and Herrmann, The American Consumer, pp. 199-200.

   Morton and Rezny, Consumer Action, pp. 248-251.

   Saalbach, Learning to Be a Better Buyer, pp. C52-C55.

3. Renting a Place

   a. Have students study the ads for rental housing and find a place they would like to rent. Limit the amount they may spend (usually the rent of a one bedroom apartment).

      Discuss students' experiences and what they learned about renting a place in ____[name of neighborhood(s)]____.

   b. Have students examine the classified section of the newspapers and identify different types of housing, such as single family house, condominium, town house, etc., available in Hawai'i. Discuss the characteristics of each. Have each student identify the type of housing he/she will probably get in the future and explain his or her choice.

Students may read about different types of homes in the following:

Garman and Eckert, The Consumer's World, pp. 333-336.

Morton and Rezny, Consumer Action, pp. 245-247.

c. Have students use the "Renter's Checklist" to compare apartments. See "Unit VII: Appendix A" at the end of this unit for a copy of the checklist. Go over the checklist with the students and delete, add, or change the items as they see fit.

d. Get a standard lease form from a realtor. Duplicate copies for the class. Examine the lease and discuss what each of the clauses in the lease means.

Students may read about signing leases in the following books.

Garman, Eckert, The Consumer's World, pp. 331-332.

Morton, Rezny, Consumer Action, pp. 253-257.

Saalbach, Learning to Be a Better Buyer, pp. C67-C68.

e. Obtain copies of the latest "Handbook for the Hawaii Residential Landlord-Tenant Code" from the Office of Consumer Protection. Prepare a worksheet with the rights and obligations of the landlord and the rights and obligations of the tenant for students to fill in.

Have students role-play landlord-tenant problems. Have the class discuss alternative courses of action for the landlord and/or tenant and select the best course of action for the landlord and/or tenant.

4. Housing Discrimination

Discuss the problem of housing discrimination in Hawai'i. Inform students that fair housing laws (Chapter 515 Hawaii Revised Statutes and Civil Rights Act of 1968) have established the rights of citizens to equal and fair housing opportunities by prohibiting discrimination against a person or persons because of their sex, race, color, religion, ancestry, marital status, or physical handicap. Discuss the ways that some landlords continue to discriminate against certain groups of people.

Teachers on O'ahu may contact the Department of Housing and Community Development, City and County of Honolulu, for a speaker and filmstrip on "Are You the Victim of Housing Discrimination?"

## Culminating Activity

Have students list five to eight things they think would be important in their first home away from home (for example: furnished, garage, security). Then read through the classified section of the newspapers to see what types of housing are available that meet their standards and what price they must pay for each. What adjustments might they have to make in their housing requirements in order to afford a place to live within their local housing market?

# LESSON II: BUYING A HOME

How do you go about choosing a home? How can you judge the quality in a home? How can you finance your home?

## Concept

Home purchasing

## Generalizations

1. Buying a home is often the most costly financial commitment made in a lifetime.
2. Buying a home requires careful study of all the costs involved, including taxes, insurance, maintenance, closing costs, and financing.
3. Finding the best way to finance a home involves studying the various types of financing available and comparing the different sources of financing to find the best terms.
4. Investment in a home calls for adequate protection in the form of home insurance.

## Objectives

1. Identify the important factors to consider and steps to follow when shopping for a home to buy.
2. Describe the four basic types of mortgage loans and compare the following down payment requirements, length of loan period, and eligibility requirements.
3. Identify and define the new methods of home financing developed as a result of high interest rates and difficulty in obtaining traditional home mortgages.
4. Explain the reasons for closing costs and identify some of the types of charges buyers must pay at closing.
5. Explain the basic insurance coverage a person should have to protect the home.

## Vocabulary Words to Know

1. Amortization (for a loan): The allocation of fixed monthly payments to both principal and interest. In the early years, most of the money paid is interest; in later years most of it is payment on the principal.
2. Closing: The final meeting among buyer, seller, real-estate broker, lender, and lawyer to transfer title to a home.
3. Closing costs: Extra expenses involved in buying a home, such as the costs for a lawyer, a credit report, title insurance, and home appraisal and survey.
4. Conventional mortgage loan: A loan to buy a home that involves only two parties, the lending institution and the borrower. This contrasts with a loan insured by a third party.
5. Deed: A written agreement to transfer title of real estate.
6. Default: Failure to meet a legal obligation, such as to make payments on a loan by the due date.
7. Earnest money: The deposit a buyer puts down on a home, which binds the deal between buyer and seller.
8. Equity: The portion of the real estate you own.
9. Fee simple: When the buyer of a structure also owns the land on which the structure stands.
10. Lease: When the buyer of a structure rents or leases the land upon which the structure stands.
11. FHA loan: A mortgage loan insured by the Federal Housing Administration. The FHA guarantees to pay the lender if the borrower defaults. The borrower pays the monthly charge for this insurance.
12. Foreclosure: A legal proceeding by which the lender takes control of the property if the borrower fails to make payment on a mortgage loan.
13. Mortgage loan: A loan from a bank or other lending institution for the purpose of buying housing, in which the unit is offered as collateral.
14. Points: An extra charge a lender may place on a mortgage loan when interest rates are low or mortgage money is scarce.
15. Property insurance: Insurance against damage to a home and personal belongings.
16. Real-estate broker: A person who represents the seller or the buyer of a house and negotiates the sale for a fee or a commission.
17. Savings and loan association: An institution that accepts savings deposits and makes mortgage loans.

18. Title: The legal right to property.

19. Title insurance: Insurance that pays for any loss due to a defective title.

20. VA loan: A mortgage loan offered to veterans and insured by the Veterans Administration. The VA guarantees to pay the lender if the borrower defaults. The borrower pays a monthly charge for this insurance.

## Initiating Activity

Develop a real estate bulletin board, composed of real estate pictures, classified ads, financing advertisements, descriptive brochures, articles on housing trends and related economic news and statistics.

Have a class discussion centered on the materials on the bulletin board.

## Developmental Activities

1. Buying a Home

   a. Have students discuss the advantages and disadvantages of buying a used and new home

   Invite a real estate broker to discuss the problems consumers may have with used or old houses and problems with new housing developments.

   The real estate broker may also discuss the following: What does a real estate broker do for home buyers? for sellers?

   b. Ask a realtor to visit your class and explain the services provided by realty firms to prospective buyers. If your locality has a multiple listing service, ask the realtor to explain its operation and to bring, if possible, some pictures of homes in different parts of town that the firm has handled recently or has for sale. Questions the class might ask the realtor could include:

      1) What are the prices of these homes?

      2) How do the homes differ and how are these differences related to their prices?

      3) What kinds of families are likely to be interested in each home?

2. Financing

   a. Have students investigate ways of financing home purchases in the area. Ask students to find out the following:

1) Current interest rates for home mortgages.

2) Availability of home mortgages.

3) Alternative ways of financing.

See "Financing Options" in "Unit VII: Appendix B" at the end of this unit.

Students may also study the feasibility of a young person with an average income financing a place to live. Discuss the importance of budgeting in a young person's plans to buy a home.

3. Insurance

a. Discuss the concept of insurance so that students are clear about what it is. Then have students pretend to be homeowners and have them suggest the types of protection they would be willing to pay for.

Students may ask their parents about the cost and provisions of their homeowner's insurance.

b. Invite an insurance agent to class to explain the kinds of insurance coverage property owners should carry to protect their investments in real estate.

4. Housing Trends

Invite a panel of experts--real estate brokers, bankers, and representatives from savings and loan associations, credit unions, and government housing agencies--to discuss local housing trends, availability, financing, costs, etc. Inquire about facts, interpretations, and predictions.

## Culminating Activity

Have students put together purchasing guidelines that would help consumers in their purchase of a home. Have students include questions consumers should ask as well as processes they should follow.

Have students visit two or three model apartments, condos, and "open" homes for sale to get the feel for what types of housing are available at different prices. Prepare a checklist in advance to help them evaluate each.

# LESSON III: BUYING FURNITURE AND APPLIANCES

How can you tell a well constructed piece of furniture? What is decorating style? What do you have to know before buying an appliance?

## Concepts

1. Furniture purchasing process
2. Appliance purchasing process

## Generalizations

1. Choices of home furnishings and appliances depend largely on needs, personal preferences, taste, and available funds.
2. Factors to check before buying home appliances include space, water and wiring requirements, guarantees, operating costs, and installation arrangements.
3. Second-hand home furnishings and appliances in good condition may offer excellent opportunities for saving money in furnishing a home.

## Objectives

1. Identify various ways to save money when buying furniture or appliances.
2. Identify the things you should ask about or look for when buying a piece of furniture.
3. Explain the ways to judge the quality of floor coverings and the ways to prolong their use.
4. State some rules to follow when shopping for any three major appliances.
5. Recall the ways to save energy when using any three major appliances.

## Vocabulary Words to Know

1. Hardwoods: Strong, long lasting woods.
2. Veneers: Layers of wood glued together.

3. Joint: When two pieces of wood come together.

4. Finish: The surface of the furniture or special chemicals added to fabrics.

5. Upholstered furniture: Furniture that is padded and covered with some kind of fabric.

6. Modular: An item which comes in separate pieces.

7. Cubic feet: The capacity of storage space or the size of the appliance.

8. BTU (British Thermal Units): The cooling power of air conditioners.

9. Floor or demonstration models: Appliances that are on display during the year, or used to show customers how they work.

10. Franchised dealers: Dealers authorized by the manufacturer to sell and sometimes service their appliances.

## Initiating Activity

Create a bulletin board showing various styles and kinds of furnishings and appliances. Have students discuss what kinds of furnishings and appliances they consider essential to a home and on what basis consumers make their purchasing decisions.

## Developmental Activities

1. Choosing Furniture

   a. Have students bring in pictures of different kinds and styles of furniture. Discuss how consumers can evaluate furniture for good design.

      Focus students' attention on various furniture styles. Discuss on what basis consumers choose their furniture styles.

   b. Have students inspect their desks and chairs and determine whether they are well constructed or not. Discuss: On what basis did you decide whether your desks and chairs are well constructed or not?

      Show a picture of a living room set. Have students identify what consumers should look for before purchasing.

   c. Discuss the various characteristics of good taste. Then arrange a field trip to a furniture store that displays furniture in model rooms. Direct students to look for the various characteristics of good taste. Many furniture stores have staff decorators who might be available to conduct a visit and offer comments to the students.

d. Have students choose a period or style of furniture and prepare a scrapbook of illustrations clipped from newspapers, magazines, and catalogs.

e. Students may read about buying furniture in the following:

Bittinger, The Consumer Survival Book, pp. 105-119, 133-137.

Garman and Eckert, The Consumer's World, pp. 264-281.

Jelley and Herrmann, The American Consumer, pp. 252-264.

Plunkett, The Consumer in America, pp. 275-290.

2. Choosing Appliances

a. Ask students how many of them own appliances. Have students identify the appliances they own. If there is no response from students, then ask more specific questions.

E.g., Do you own a radio? a stereo? an alarm clock? a lamp?
a typewriter? an electric shaver? a hairdryer?

Have students identify the appliances they have in their homes. Discuss: On what bases are appliances bought?

b. Have student committees comparison shop for appliances, such as color television, refrigerator, dishwasher, microwave oven, range, washing machine and clothes dryer. Ask students to visit a specialty store, a department store, and a discount store and list the makes and models they find at each store and compare them on the following points:

1) size or capacity;

2) number of special features;

3) price;

4) warranty coverage;

5) length of warranty;

6) service locations;

7) other things important to you.

Then have them decide which make of appliance they would buy and at which store they would buy it.

c. Students may read in the following about purchasing appliances.

Bittinger, The Consumer Survival Book, pp. 120-132.

Garman and Eckert, The Consumer's World, pp. 251-264.

Jelley and Herrmann, The American Consumer, pp. 267-280.

Plunkett, The Consumer in America, pp. 290-301.

Culminating Activity

Have students hypothetically furnish their own one bedroom apartment. Students may include the following:

a. The pieces of furniture and appliances they would want to have.

b. The prices of the furniture and appliances.

c. If all of these could not be obtained at once, which ones would they want to buy first? Why?

## UNIT VII: APPENDIX A

## RENTERS' CHECKLIST

In small groups or as an individual project, choose an area you would like to live in and use the following checklist to compare apartments. This checklist may serve as a record of any promises that were made to you upon renting.

| | Apt. 1 | Apt. 2 | Apt. 3 |
|---|---|---|---|
| Address | | | |
| Is the apartment close to public transportation? | | | |
| What is the monthly rent? | | | |
| How many rooms? | | | |
| Is it furnished or unfurnished? | | | |
| What is the length of lease? | | | |
| Options for renewal? | | | |
| Can you sublet? | | | |
| What is the amount of the security deposit? | | | |
| Who pays utilities? | | | |
| Average monthly cost? | | | |
| Are pets allowed? | | | |
| Is there a maintenance fee? | | | |
| Are there extra fees for: | | | |
| Storage space? | | | |
| Air conditioning? | | | |
| Parking space? (outdoor, indoor, covered) | | | |
| Use of swimming pool? | | | |
| Use of tennis courts? | | | |
| Is there a resident manager? | | | |
| Is there laundry equipment in the unit? | | | |
| What are the security provisions? | | | |
| Are the stairs well-lighted? | | | |
| Are there safe fire exits? | | | |
| Is there a smoke detector system? | | | |
| Is the general layout of the unit good? | | | |
| Will the unit be painted or decorated before you move in? | | | |
| Are there "house rules?" (e.g., no TV or stereo at certain times) | | | |

| | Apt. 1 | Apt. 2 | Apt. 3 |
|---|---|---|---|
| Is there adequate closet space? | | | |
| Is there a dead-bolt lock on the door? A peephole? | | | |
| Can you install your own lock? | | | |
| Is the kitchen clean? | | | |
| Adequate cupboard space? | | | |
| Appliances included? | | | |
| Exhaust fan? | | | |
| Are drapes included? Carpeting? | | | |
| Are there sufficient (2-3 per room) electrical outlets? | | | |
| Is there adequate ventilation? | | | |
| Can windows be opened? | | | |
| Are there screens? | | | |
| What are the other tenants like? (age, children) | | | |
| Other (comments, impressions) | | | |
| | | | |
| | | | |

## UNIT VII: APPENDIX B

## FINANCING OPTIONS

The following outlines basic financing plans for purchase of homes that are offered in Hawai'i.

1. FHA LOANS

   - All U.S. citizens and resident aliens are eligible.
   - Interest rates are usually below the market rate.
   - Entire loan amount is insured by the Federal Housing Administration.
   - There are many varied and flexible forms of financing within the FHA program.

2. VA LOANS

   - Most veterans and active-duty military personnel are eligible.
   - Interest rates are usually below the market rate.
   - The Veterans Administration guarantees part of the loan the lender makes to the veteran.
   - There are many varied and flexible forms of financing within the VA program.

3. EMPLOYEE RETIREMENT SYSTEM (ERS)

   - Members of the State of Hawai'i employee retirement system are eligible.
   - Interest rates are below the market rate.

4. HULA MAE

   - Moderate-income families who meet income limits and other requirements as set by the Hawai'i Housing Authority (HHA) are eligible.
   - Funds are provided by the HHA through the sale of revenue bonds.
   - Interest rates are generally below the market rate.

5. GRADUATED-PAYMENT MORTGAGE (GPM)

   - The beginning payments are less than they would normally be for the amount borrowed.
   - The loan payments gradually increase and level off after the graduation period (up to ten years) for the remaining term of the loan.

6. FNMA (FANNIE MAE) REWRITE

   - A new loan can be obtained on a home with an existing mortgage presently owned by the Federal National Mortgage Association.

7. FNMA BUY DOWN

   - The effective interest rate on a Fannie Mae loan can be reduced by as much as 3 percent using a buy down plan with graduated payments for a minimum of one year to a maximum of five years.

8. SECOND MORTGAGE

- A second mortgage is the second loan on a piece of property.
- There are many variables that affect the acquisition of second mortgage loans depending on the lending policies of the financial institutions and the financial qualifications of the buyer.

9. BLENDS

- For a home on which a financial institution holds the mortgage, a blended interest rate may be offered by that financial institution.
- The blended rate, usually lower than the market rate, is the result of a combination of a preferred rate on the old balance and a market rate on any additional money needed.

10. AGREEMENT OF SALE

- The buyer arranges with the seller to make payments on the home, with title to property transferring to the buyer when all conditions in the contract have been fulfilled.

11. PURCHASE MONEY MORTGAGE

- The seller acts as your lender.
- The buyer negotiates an interest rate and pays the down payment and the monthly installments directly to the seller.

12. THE NO-INTEREST LOAN

- No interest is charged and the monthly payment is applied directly to the principal balance.

13. SHARED-APPRECIATION MORTGAGE (SAM)

- The buyer and seller share in the appreciation of the property in exchange, for instance, for a lower-than-market interest rate.
- Another method is for the buyer to obtain a "partner" who would provide money and share in the appreciation of the home.

14. ASSUMPTIONS

- The buyer assumes the balance of an existing mortgage, with the consent of the lender, by paying the difference between the sales price and mortgage balance.
- Interest rates are usually below the market rate.

15. WRAPAROUND LOAN

- A wraparound loan for up to 95 percent of the total purchase price may be obtained on a home with an existing FHA or VA loan.
- The buyer makes one payment to the lender at a lower-than-market interest rate.

- The interest rate is the result of a combination of the original loan rate and the current market rate on the new funds.

16. ADJUSTABLE-RATE MORTGAGE (ARM) or ADJUSTABLE MORTGAGE LOAN (AML)

- This loan allows periodic adjustments in the interest rate. Adjustments are made in relation to the movement in an independent interest rate index.
- In most instances, decrease in interest rate is mandatory if the index falls.

Source: "Realtors Explain Financing Options," The Sunday Star-Bulletin & Advertiser, June 13, 1982.

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# UNIT VIII: PROTECTING YOUR FUTURE

## Overview

Health, savings and insurance are important items to consider in planning a budget. Every consumer budget should be ready for the unexpected. For some, this means savings alone, for others it means health and life insurance. These plans are ways of preparing for and putting money aside for future needs. Without such planning, consumers may lack the necessary protection to handle unexpected costs.

Understanding how financial institutions operate and learning how to choose and use their services is an important consumer education objective. Lesson I examines the services offered by financial institutions. This lesson also inquires into why people save and the problems they face when they do not save. Savings should not be considered a sacrifice but rather a way to achieve a more rewarding life style and security in case of emergency. To help students evaluate different ways and places to save, this lesson examines interest rates, compounding, safety, liquidity, and various kinds of savings institutions.

Life insurance is another tool for financial security. Lesson II includes the necessary information to enable students to assess their needs for life insurance, evaluate insurance companies, select a competent agent, compare types of policies, and choose the best policy for the money. These skills are particularly important since teenagers become an early target for life insurance agents when they graduate from high school.

The importance of health and the maintenance of health are emphasized in Lesson III. The maintenance of good health reduces costly expenditures caused by poor health. Selecting a doctor and a health insurance demands good consumer skills.

## INDEX TO STUDENT TEXTBOOKS: UNIT VIII

| Authors* | Financial Institutions | Life Insurance | Health and Health Insurance |
|---|---|---|---|
| Bittinger | | 171-173 | 207-213 |
| Garman and Eckert | 385-426 | 429-463 | |
| Jelley and Herrmann | 284-304<br>307-321 | 323-353 | 356-387 |
| Linder | | 57-64 | 65-69 |
| Morton and Rezny | 324-337 | 338-355 | 298-311 |
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[1] Saalbach, Managing Your Money and Credit.

[2] Saalbach, Consumer Rights and Protection.

*Complete bibliographical information at the end of the unit.

## UNIT VIII: PROTECTING YOUR FUTURE

### Concepts

1. Savings
2. Investments
3. Life Insurance
4. Health
5. Health Insurance

### Generalizations

1. Personal values and place in the life cycle affect one's savings and investment goals, insurance needs, and provisions for financial security.
2. Factors to consider in deciding where and how to place savings include safety, return on money, and availability.
3. Factors to consider in analyzing investment opportunities include safety, growth or appreciation, income, and marketability.
4. Modern banks provide a variety of financial services and facilities for consumers, including different types of checking and savings accounts, personal loans, and safe deposit boxes.
5. Decisions on the type and amount of life insurance to buy depend on age, place in the life cycle, protection and savings provided through other sources, amount available to spend for insurance, anticipated needs of the family to be met by insurance, and insurability.
6. The mechanics involved in obtaining and maintaining adequate insurance protection include choosing appropriate policies and companies, dealing with the insurance agent, taking out the policy and paying the premiums, keeping records of payment and beneficiaries, and keeping policies up-to-date.
7. The cost of medical care has risen more rapidly than prices of other goods. Therefore, careful evaluation of doctors and the services they provide is necessary.
8. There are different health and medical insurance plans to help the individual minimize the costs of becoming ill, having an accident, or being unable to work.

Objectives

1. Identify and explain the key points an individual should consider before selecting a financial institution as a place for deposit of his or her savings.

2. Compare and contrast interest rates, insurance on savings, services provided by commercial banks, savings and loan associations and credit unions.

3. Explain the major criteria an individual should follow in choosing investments.

4. Write a personal check and reconcile a personal checking account.

5. List the advantages and disadvantages of Electronic Fund Transfer System (EFTS) for the consumer and for financial institutions.

6. Identify and describe the main features of four types of life insurance protection, including death benefit, cash value, and coverage.

7. Contrast an annuity policy with a life insurance policy, including income, death benefit, and premiums.

8. Suggest at least two guidelines for selecting a life insurance agent and underwriting company.

9. Identify the ways a consumer can choose a doctor and the questions the consumer should ask before deciding on a doctor.

10. Identify the things to find out in order to rate a specific health insurance policy.

11. Identify the health care facilities and explain the functions of those facilities available in the community.

12. Explain the relationship between nutrition and physical activities, and health.

# LESSON I: SAVINGS AND INVESTMENTS

What are the differences among a bank, a savings and loan association, and a credit union? Who pays more interest? How safe is my money? What is the difference between investment and speculation?

## Concepts

1. Savings
2. Investments

## Generalizations

1. Personal values and place in the life cycle affect one's savings and investment goals, insurance needs, and provisions for financial security.
2. Factors to consider in deciding where and how to place savings include safety, return on money, and availability.
3. Financial institutions provide a variety of financial services and facilities for consumers, including different types of checking and savings accounts, personal loans, and safe deposit boxes.
4. Factors to consider in analyzing investment opportunities include safety, growth or appreciation, income, and marketability.

## Objectives

1. State a savings goal for themselves.
2. Identify and explain the key points an individual should consider before selecting a financial institution as a place for deposit of his or her savings.
3. Compare and contrast interest rates, insurance on savings, services provided by commercial banks, savings and loan associations, and credit unions.
4. Describe the advantages and disadvantages of buying a long-term savings certificate.
5. Explain the major criteria an individual should follow in choosing investments.

6. Write a personal check and reconcile a personal checking account.

7. List the advantages and disadvantages of Electronic Fund Transfer System (EFTS) for the consumer and for financial institutions.

Vocabulary Words to Know

1. Commercial bank: A financial institution which offers both savings and checking accounts and makes different kinds of loans to individuals and businesses.

2. Compound interest: Interest paid on the principal and on previously accumulated interest.

3. Credit union: An organization owned and operated by the members, who have a common interest (for example, they are employees of the same company). Members deposit savings and can take out loans.

4. Earnings: The interest a person receives on savings.

5. Federal Deposit Insurance Corporation (FDIC): A federal agency that insures savings and checking accounts up to $40,000 in most commercial banks.

6. Federal Savings and Loan Insurance Corporation (FSLIC): A federal agency that insures savings and checking accounts up to $40,000 in most savings and loan associations.

7. Liquidity: The ease with which savings can be changed into cash without losing interest.

8. Maturity: The date when a certificate or bond reaches its full value.

9. Passbook account: A regular savings account that allows depositors to withdraw their money at any time.

10. Savings certificate or certificate of deposit: Savings account that pays a higher interest rate than a passbook account. A minimum amount of money must be deposited and remain in the account for a stated period of time or interest is lost. Also called term deposit certificate or money market certificate.

11. Savings and loan association: A financial institution that specializes in home loans and pays slightly higher interest rates than commercial banks.

12. U.S. savings bond: A bond purchased from the federal government for a set price and for a certain length of time.

13. Yield: The annual rate of interest paid on savings.

14. Investment: An expenditure of money for income or profit or to purchase something of intrinsic value, the commitment of funds with a view to minimizing risk and safeguarding capital while earning a return.

15. Speculation: To assume a business risk in hope of gain, especially to buy or sell in expectation of profiting from the market fluctuations. It involves more risk than investment, and the aim is to get a larger return at the expense of greater risk.

16. Stock: Share of ownership in a corporation.

17. Bonds: Loans to corporations or government.

18. Mutual funds: Business whose sole function is to buy and sell shares of stocks in many corporations for its member investors.

19. Diversification: Buying securities in several companies. The risk of total loss is reduced if one company has an economic reverse.

20. Dividends: Money given to the stockholder if the company has made money.

21. Corporation: A business given legal permission by a state government to sell ownership in itself to people through share of stock.

### Initiating Activity

Introduce students to this lesson by having them anonymously answer the following questions:

a. How much savings do you have?

b. If you have a job, how much of your earnings do you save?

c. Why do you save?

d. In which financial institution is your savings deposited? How do you know you are getting the best rate of return on your savings?

Then use the students' answers to conduct a discussion of these topics.

The following questions may also be discussed.

a. What methods do people use to save money?

b. How is interest figured on savings?

c. Do you know the differences among the different kinds of financial institutions?

### Developmental Activities

1. Financial Institutions

a. Have students, individually or in small groups, visit banks, savings and loans associations, and credit unions and obtain copies of their information booklets on the services offered, the types of savings accounts available at different rates and the types of checking accounts available.

Discuss and have students put together a report, chart, or bulletin board display to illustrate their findings.

b. Invite someone from a financial institution to speak to the class on the function, operation, and services of his or her institution.

c. Make an interactive bulletin board display of literature and sample checks, passbooks, bank statements, etc., from financial institutions.

Include questions for students to answer. Follow-up activity may include teaching students to write checks and balance a personal checking account.

2. Savings and Interest

a. Have students assume a $1,000 deposit in a savings account. Assign students to find out how annual earnings will be affected by:

1) rate of interest -- 5%, 6%, 7%;

2) frequency of compounding interest--daily, quarterly, semiannually;

3) frequency of crediting interest to the account--monthly, quarterly, semiannually;

4) method of calculating interest--day of deposit to day of withdrawal, last in first out, first in first out, low balance.

b. Have students find out how earnings can be affected if you make frequent deposits and withdrawals. Check out the following:

1) grace periods for deposits and withdrawals;

2) penalties for early withdrawals;

3) premiums for new accounts;

4) minimum deposits and terms.

c. Have students describe various ways to earn more on savings such as certificates of deposit or money market funds. Find out the following:

1) current rates available through local institutions;

2) minimum deposit requirements;

3) maturity or length of time money must be left on deposit to earn stated interest.

3. Investments

   a. Invite someone from a brokerage firm to talk to the class about investments. Prepare a list of questions to find out the following:

      1) how stocks and bonds are sold;

      2) how the stock market works;

      3) who can buy stocks and bonds;

      4) what services a stockbroker can offer;

      5) how much it costs to buy or sell stocks or bonds;

      6) how mutual funds and investment clubs work.

   b. Give students an imaginary $100 bill to invest in the stock market. They should write down what stocks they "bought," number of shares, purchase price, and the date of purchase. Have them keep a month's record of the stocks they've chosen, noting daily fluctuations. At the end of the month, ask the students to evaluate their investments. They should attempt to point out causes of fluctuations, such as political events, internal company problems, international situations, government policy, economic uncertainties or competitors, etc.

4. Electronic Services

   a. Have the class interview a representative from a local financial institution who is informed and experienced with electronic fund transfer systems. Find out:

      1) what electronic services the institution offers presently and anticipates for the near future;

      2) how electronic capabilities have changed the services offered and the overall operation of the financial institution;

      3) how customers have responded to the new services;

      4) problems and challenges presented by electronic transfers.

   b. As a class project, have students conduct a survey of financial institutions to determine the types of electronic services each offers. Discuss the advantages and disadvantages of the services described.

## Culminating Activity

Give students an imaginary $1,000 bill. They must invest or save the money. Have them decide where they will put their money and explain their decisions.

# LESSON II: LIFE INSURANCE

Who needs life insurance? What is the difference between term insurance and straight life insurance?

## Concept

Life insurance

## Generalizations

1. Decisions on the type and amount of life insurance to buy depend on age, place in life cycle, protection and savings provided through other sources, amount available to spend for insurance, anticipated needs of the family to be met by insurance, and insurability.
2. The mechanics involved in obtaining and maintaining adequate insurance protection include choosing appropriate policies and companies, dealing with the insurance agent, taking out the policy and paying the premiums, keeping records of payments and beneficiaries, and keeping policies up-to-date.

## Objectives

1. Explain the concept of shared risk.
2. Identify and describe the main features of four types of life insurance protection, including death benefit, cash value, and coverage.
3. Identify two or more options available with life insurance and explain what each option provides the insured.
4. Given an example, explain how a life insurance policy builds a cash value.
5. Contrast an annuity policy with a life insurance policy, including income, death benefit, and premiums.
6. Suggest at least two guidelines for selecting a life insurance agent and underwriting company.

## Vocabulary Words to Know

1. Accidental death benefit: An extra benefit that can be attached to a policy, which guarantees the beneficiary double the face value of the policy

if the policyholder dies in an accident.

2. Beneficiary: The person named in a life insurance policy to receive the benefits after the policyholder dies.

3. Cash value: The amount of money a policyholder can collect by cashing in an insurance policy. The cash value begins when the policy is one to three years old and increases with the age of the policy.

4. Cash-value life insurance: Insurance that provides a savings program in addition to insurance coverage. The policyholder can cancel the policy and collect the cash savings at any time. Cash-value life insurance does not offer as much protection per premium dollar as term insurance.

5. Decreasing term insurance: Term insurance in which the policyholder's premiums stay the same, but the amount of protection decreases.

6. Dividend: In insurance, a refund by a mutual insurance company for overpayment of premiums.

7. Endowment life insurance: Insurance that is designed like an insured savings plan. At the end of a certain period of time, the cash value of the policy equals its face value and the policy is cashed in.

8. Face value: The amount of money a beneficiary will receive from a life insurance policy after the policyholder has died.

9. Group life insurance: Term life insurance that is sold to the members of a group, such as the employees of a business. All members of the group can be insured, regardless of age or health. A group policy usually costs much less than an individual policy because an insurance company has fewer administrative expenses when dealing with groups.

10. Guaranteed insurability: An extra benefit that can be attached to a policy, allowing the policyholder to buy additional insurance at an older age, regardless of health.

11. Guaranteed renewable policy: A term insurance policy that can be renewed regardless of the health of the policyholder.

12. Interest adjusted cost: The cost of a policy calculated by comparing the cash value of the policy to what the premiums would earn in a bank at a fixed cost.

13. Level term insurance: Term insurance in which the amount of protection stays the same but the premiums increase each time the policy is renewed.

14. Life insurance: Insurance which, in return for premiums paid, provides for a cash payment to beneficiaries named in the policy upon the death of insured.

15. Limited-payment life insurance: Insurance in which premiums of a fixed amount are paid for only a limited period of time, but the protection is in

effect for the life of the policyholder. Because of the limited number of payments, the premiums are much higher than for straight life insurance, but the cash value of the policy goes up faster. The policy can be turned in for its current cash value at any time.

16. Mutual life insurance company: A life insurance company that is owned by the policyholders.

17. Policyholder: A person who buys an insurance policy, making regular payments for the protection specified in the policy.

18. Premiums: The regular payments a policyholder makes on an insurance policy.

19. Rider: An extra benefit that can be added to an insurance policy for extra cost.

20. Stock life insurance company: A life insurance company that is owned by the stockholders, not the policyholders (unlike a mutual company).

21. Straight life insurance: Insurance in which premiums of a fixed amount are paid for life. It does not give as much protection as term insurance, but unlike term insurance, it has a cash value. The policy can be turned in for its current cash value at any time. Also called whole life insurance.

22. Term life insurance: Insurance that provides protection, and only protection, for a limited time period, or term. Coverage stops at the end of the term, unless the policy is renewed. Term policies pay only if the insured dies and have no cash value.

23. Waiver of premium: An extra benefit that can be attached to a policy, guaranteeing that the insurance company will pay the premium if the policyholder is totally disabled and can't work for six months or more.

## Initiating Activity

Introduce this lesson by having students discuss the main purpose of life insurance and why it is important to have life coverage for this purpose. Also discuss whether there may be life situations where life insurance coverage is not important.

## Developmental Activities

1. Life Insurance Plans

   a. Ask a local insurance agent for a sample policy. Duplicate copies for students and have them examine the policy for the following:

1) What terms or words do you need to know to understand the policy?

2) How are the premiums to be paid?

3) Are there requirements for reinstatement?

4) What settlement options are available?

5) What provisions does the policy make for lapse of payment?

6) Are provisions made to pay dividends? How often? In what form may the payments be made?

b. Have students obtain sample copies of life insurance application forms to familiarize them with the information required. Discuss the importance of giving accurate information on an insurance application form.

c. Have students ask their parents what kind of life insurance they have, if any. If some parents have group life insurance, students can prepare a chart showing the firms that offer it, the costs, and the amount of coverage provided by the policies.

Low cost or free group life insurance is an important fringe benefit for an employee and should be part of a job hunter's considerations. This activity can help reinforce the concept that fringe benefits, as well as pay, working conditions, and job satisfaction need to be considered in selecting a place of employment.

d. Have students write to different insurance companies for brochures on the types of life insurance plans they offer. Another group of students can then draw up a chart showing the differences in costs and coverage.

2. Life Insurance Needs

Have students discuss life conditions or situations where life insurance needs are greatest and when life insurance is least needed.

Have students develop a chart to show how insurance needs change at different stages of the life cycle.

3. Protection for Young Adults

Invite a life insurance agent to talk to the class about life insurance protection for young people. Prepare a list of questions to ask the agent.

## Culminating Activity

Have students decide whether they will or will not get a life insurance policy as soon as they start working. Students should explain their viewpoints.

Ask those who plan to get insurance to determine the kind of plan they will purchase. Students should explain their choices.

# LESSON III: HEALTH AND HEALTH INSURANCE

How do you find a doctor? What do the various medical specialists do? What kind of health insurance should you have? What medical plan should you join?

## Concepts

1. Health
2. Health Insurance

## Generalizations

1. The cost of medical care has risen more rapidly than prices of other goods. Therefore, careful evaluation of doctors and the services they provide is necessary.
2. There are different health and medical insurance plans to help the individual minimize the cost of becoming ill, having an accident, or being unable to work.

## Objectives

1. Identify the ways a consumer can choose a doctor and the questions the consumer should ask before deciding on a doctor.
2. Identify the things to find out in order to rate a specific health insurance policy.
3. Identify the health care facilities and explain the functions of those facilities available in the community.
4. Explain the relationship between nutrition and physical activities, and health.

## Vocabulary Words to Know

1. Basic health coverage: Coverage that includes hospital expense insurance, surgical expense insurance, and regular medical insurance.
2. Disability insurance: Insurance that pays part of the income a policyholder loses by being out of work because of illness or injury.

3. General practitioner: A doctor who treats the whole body, but does not usually perform surgery.

4. Group health insurance: Insurance that is sold to members of a group, such as the employees of a business or the members of a union. All members of the group can be insured, regardless of age or health. A group policy usually costs much less than an individual policy because an insurance company has fewer administrative expenses when dealing with groups.

5. Hospital expense insurance: Insurance that pays for all or part of a policyholder's hospital bill, including such things as room, meals, laboratory tests, and x-rays. This is the most common kind of health insurance.

6. Individual health insurance: Insurance that is bought on an individual basis rather than through a group. It is much more expensive than group insurance, and people can be denied an individual policy because of age, physical condition, or illness. This insurance generally pays out a lower percentage of the premiums in benefits as compared to group insurance.

7. Intern: A graduate of a medical school receiving supervised practical training, usually for at least one year.

8. Internist: A doctor who is trained in the entire field of internal medicine.

9. Major medical insurance: Insurance that pays a percentage, such as 80 percent, of large medical bills, after the policyholder pays a deductible amount, such as the first $500.

10. Malpractice: Careless or inept treatment of a patient by a doctor. Malpractice suits can be brought against doctors who have harmed patients.

11. Non-cancelable or guaranteed renewable policy: A policy that cannot be canceled by the insurance company and can be renewed if the policyholder wishes.

12. Regular medical insurance: Insurance that pays for nonsurgical doctor's fees in a hospital or at a doctor's office. It is usually available only in combination with hospital and surgical coverage.

13. Resident: A doctor who prepares to specialize in the particular field of medicine by training for a year or more in a hospital.

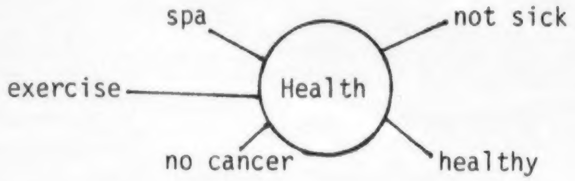
14. Specialist: A doctor who is qualified by advanced training to specialize in a particular field of medicine.

15. Surgical expense insurance: Insurance that pays all or part of the surgeon's fee for an operation.

## Initiating Activity

Introduce this activity by doing a word association activity. Write the word "Health" on the chalk board and have students suggest words or phrases that come to their minds. Accept all student responses and write them on the board.

E.g.,



Then have the class define health and discuss the importance of good health and how to maintain it.

## Developmental Activities

1. Diets

   a. Discuss whether diets can improve your health or can be detrimental to your health.

   Have students take a short quiz about their knowledge of dieting. See "Unit VIII: Appendix A" at the end of this unit for a copy of the quiz. The following are the answers to the quiz:

   1. c
   2. c
   3. d
   4. b
   5. b
   6. a
   7. b
   8. b
   9. d

   b. Ask students to select two popular reducing diets and to analyze the nutritional content of the foods suggested. Compare the findings to the approved eating guides, "Food for Fitness" or "Basic Four Daily Food Needs" developed by the U.S. Department of Agriculture.

   c. Some students may work on creating guidelines for dieting. Have students see "for a Slimmer Jim and Jane" by the State of Hawaii, Department of Health, Nutrition Branch.

   d. Refer to Department of Education, nutrition education teacher's guide (draft), Lesson 8, "Popular Diet Plans: What Do They Claim?"

2. Nutrition and Health

   a. The physiological purposes of eating are to replenish energy, regulate body processes, and replace body tissue. Have students look up which foods are important for each of these purposes.

   b. Discuss dietary guidelines for consumers. Have students create posters and/or plan and present skits which express the main ideas in the guidelines. Students may use "Nutrition and Health, Dietary Guidelines for Americans," Home and Garden Bulletin No. 232 by the U.S. Department of Agriculture and the U.S. Department of Health and Human Services.

c. Natural or organic foods have gained in popularity. Check the cost of comparable items in the supermarket and in health food stores. Discuss: Are organic or health foods healthier for consumers than the regular products?

3. Health Care

   a. An annual medical examination is important in a preventative medical program. The doctor often follows a routine procedure for a general physical examination. Discuss the following:

      1) What is this procedure?

      2) What do you think are the purposes of this procedure?

   b. List the health care facilities found in your area and itemize the services provided at each.

   c. Discuss the process of evaluating a doctor and the services he or she provides. Have students discuss with their parents the qualities of a good doctor.

   d. There are many print and audio-visual advertisements promoting over the counter drugs. Discuss: Do drugs help to maintain good health? Have students analyze a TV advertisement, answer the following questions and prepare a summary of their findings.

      1) What does the ad claim as the value of the preparation?

      2) Do the pictures imply one thing while the words say something different?

      3) Does the ad appeal to the individual's desire for companionship, attractive appearance, sexuality, or vitality to sell the product?

      4) Does the ad use entertaining script lines or skits, which attract attention but give little information about the product?

      5) Does the ad use recognizable personalities to endorse the product?

      6) Does the ad use medical or technical terms, which are impressive but have little or no meaning to the general public?

      7) What other advertising technique does the ad use?

4. Health Insurance

   a. Have students study several health insurance plans and summarize the features of each. Have students determine the words or terms which consumers should understand before signing the insurance contract.

b. Have students investigate the Health Maintenance Organizations (HMOs), such as the Kaiser Plan or Straub Plan. Compare the services provided and the costs with other Health Insurance Plans, such as HMSA.

5. Sources of Information

Students may read about Health and Health Insurance in the following books:

Bittinger, The Consumer Survival Book, pp. 207-213.

Jelley and Herrmann, The American Consumer, pp. 356-387.

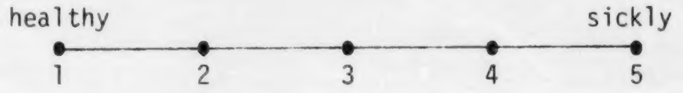
Morton and Rezny, Consumer Action, pp. 298-311.

Plunkett, The Consumer in America, pp. 347-363.

## Culminating Activity

Have students select a medical insurance plan they think would be the the "best buy" for them when they leave school. Ask students to explain their choices.

Have students evaluate their "wellness" on a scale like the one below.



Ask students to explain their ratings and to decide whether they ought to maintain their good health or whether they can do something to improve their health.

## DIET DATA

Diet Data. How Much Do You Know? Circle the letter in front of the correct answer.

1. The only effective, safe way to lose extra pounds and keep them off is to

   a. take pills that reduce your appetite.
   b. use an exercise machine to reduce and rearrange extra pounds.
   c. reduce calorie intake and increase physical activity.
   d. follow a low-carbohydrate, high protein diet plan.

2. Organized diet groups such as Weight Watchers often help when dieting alone fails because the group offers all but

   a. mutual support of members helping each other stay on a diet.
   b. information, ideas and activities related to weight control.
   c. self-determination.
   d. social contact and approval to help control the need and desire to overeat.

3. Studies of eating habits among overweight teenagers do not show that

   a. weight gain frequently is related to "stress" situations such as failing an exam, losing a close friend, changing schools, etc.
   b. weight gain starts with overeating at every meal, including breakfast.
   c. extra pounds often are the result of a diet of foods high in fat, salt and sugar.
   d. overweight teens rarely follow a steady program of exercise.

4. The most desirable weight for an individual is determined by

   a. the clothing size one wants to wear.
   b. height and body build.
   c. the way one looks in a swimsuit.
   d. the weight of one's parents and other family members.

5. People who follow a strenuous exercise program usually

   a. can eat as much as they want and still maintain a desirable weight.
   b. can eat somewhat more than inactive people without gaining weight.
   c. tend to overeat and gain weight because exercising made them hungry.
   d. have as much difficulty with weight control as inactive people.

6. Activities that burn 350 or more calories per hour include

   a. square dancing, volley ball, tennis, running.
   b. bowling, swimming, bicycling, row boating.

c. housework, gardening, lawn mowing (hand mower).
d. golf, driving a car, walking (3 mph).

7. Ways to fool your stomach, when dieting, do not include

a. consuming lots of liquids such as water, fruit juice, low-cal soft drinks.
b. eating a rich dessert before a meal to kill your appetite.
c. eating slowly and taking at least 20 minutes per meal.
d. keeping busy -- boredom often tempts the stomach.

8. There is no way to lose weight without

a. giving up all the foods you really like.
b. taking in fewer calories than you use up.
c. exercising strenuously every day for at least one hour.
d. being hungry most of the time.

9. Mistakes for dieters include all but

a. a refrigerator full of high-cal goodies.
b. high-fat, high-salt foods for meals and snacks.
c. eating little or no breakfast.
d. eating less food, but eating more often during the day.

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